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ABSTRACT

This book examines the causes of worker displacement in the United States in the context of national economic change. It discusses the promising, through scattered, efforts already underway to help dislocated workers and outlines more far-reaching steps that can be taken with assistance of the federal Job Training Partnership Act of 1982. The book is a collection of essays and other comments by more than 50 contributors, including representatives of business, labor, and government who attended the National Conference on the Dislocated Worker convened by the National Alliance of Business. The contributors include the President of the United States, a governor, three mayors, a cross-section of the nation's corporate and union leadership, and high-ranking labor-management administrators from Germany, Sweden, and Canada. These contributors' works reveal the depth of the problems of industrial change and worker displacement and trace them to their root causes, while offering a showcase of programs and projects already under way to help dislocated workers. The writings are organized into 15 chapters covering the following broad content areas: mobilization of the public-private partnership, the economy in transition, labor-management models for dealing with the needs of dislocated workers, the Job Training Partnership Act, some private sector approaches, state responses to industrial shifts, community responses to economic dislocation, economic development strategies, lessons from abroad, lessons from pilot projects, strategies for preventing or delaying job loss, unemployment and stress, job search clubs, use of labor market information, and research and evaluation. (KC)

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THE DISLOCATED WORKER

PREPARING AMERICA'S WORKFORCE FOR NEW JOBS

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Edited by
William H. Kolberg
President
National Alliance of Business

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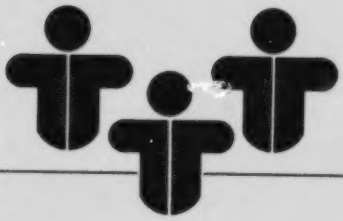

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Dislocated workers are people who are unemployed and unlikely to return to their previous occupations because their skills have become obsolete or because of structural changes in the smokestack industries. The typical dislocated worker is male, 40 years old or older, a union member, and the head of a household; although he usually has no more than a high school education, he has been able to maintain a middle-class salary status for most of his working life. No agency presently keeps count of displaced workers, but in the spring of 1983 various independent survey organizations reported between a half million and two million unemployed as a result of dislocation.

The National Alliance of Business is an independent, business-led, non-profit corporation whose mission is to increase private sector training and job opportunities for the economically disadvantaged and long-term unemployed by building and strengthening public/private partnerships of business, government, labor, education, and community-based groups.

For more information, write

National Alliance of Business

1015 15th Street, N.W.
Washington, D.C. 20005
202/457-0040

WILLIAM H. KOLBERG, editor, has been president of the Washington-based National Alliance of Business since January 1980. Prior to that time he was vice president for public affairs, Union Camp Corporation, and a consultant to the Business Roundtable. He has served as assistant secretary of labor and administrator of the Employment and Training Administration; assistant director of the U.S. Office of Management and Budget; chairman of the National Advisory Committee on Unemployment Insurance; and associate manpower administrator and deputy assistant secretary of labor for administration.

Foreword

When our people are unemployed or unemployable, we face a problem that drains the economy, strains the social fabric, and creates personal misery for individuals and families. I saw a bumper sticker not long ago which read, "If you think the system is working -- ask someone who isn't!" That attitude is clever but too cynical. The system *does* work. If it is not working at optimum level, it is less the fault of the inherent good sense of the free enterprise system than obstacles that prevent the system from working well.

A major factor in our national inability over the past few years to come to grips with changing conditions, while preserving the systems that have made America great, has been the lack of cooperation and communication among the three basic sectors of our society --the public, the private, and the voluntary. This absence of dialogue and interaction has produced apathy and stagnation and even conflict.

During much of our early history, the sectors operated independently, often in a vacuum. The public sector -- government -- had the smallest share. Its responsibility was limited largely to foreign affairs, defense, keeping public order, and providing the most basic frameworks for finance and trade. The private sector -- industry and commerce -- went about its own business, which was business. Whatever else remained to be done fell to the voluntary sector, while problems of personal need were usually resolved within the family. If not, the church or caring neighbors provided a support system. The barn-raising still remains a colorful example of people helping people.

As we as a nation grew older, richer, and larger, we also grew busier. More and more we began to call upon the public sector to take over tasks that the private and voluntary sectors had performed. To do this, government called upon business and individuals to fund the increased workload. Taxation had come of terrible age!

Very few of us, however, believe that with the transfer of responsibility came improved performance. Private caring simply became

public duty. The personal touch became professional concern. There is the crux of the partnership issue. We had depersonalized concern and work so much that we ended up depersonalizing the very constituency we were to serve--people.

We are now faced with the job of putting the work of the three sectors into a new and better balance, where each sector meets its own responsibility while ensuring that the larger needs of our society are met appropriately. The partnerships we create must be based on mutual goodwill and mutual interest. The goals we establish must be rooted firmly in a few sound principles, or else we are merely tools of expediency. We believe as a society that work has an intrinsic nobility, regardless of its nature and the skill required. We believe that every person who is able to work should be willing to work. We also believe that society must do all that it can to help the willing worker be an employed worker. These principles are the basis for the partnership we must create -- an alliance of business, government, labor, and education in common pursuit of putting America to work. When Americans are working, the system is working as intended.

The new Job Training Partnership Act gives us a golden opportunity to do what we've been asking to do -- put the expertise of business to work where it counts -- in strengthening the economy by reducing unemployment and increasing the employability of thousands of would-be workers. National institutions have their valued place, as does federal legislation, but the effectiveness of any national program is only as good as the way it is carried out at the local level. Our loftiest ambitions are finally dependent on how we implement them in Seattle and Atlanta and Pittsburgh -- wherever we are grappling with the problem. The program will be only as effective as the people who develop and market specific job training strategies in specific areas.

The public-private-voluntary partnership can help make a difference. Its commitment, however, is to the nation and to local communities, not to agencies or institutions. It will work with appropriate agencies and institutions and through them -- but its commitment is to the people they serve. And the best way to serve people is not by giving them jobs that merely provide paychecks, but rather by offering them skills that unlock opportunities to do productive work.

David M. Roderick
Chairman, United States Steel Corporation
and the National Alliance of Business

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Introduction

An unemployed Kokomo, Indiana, man attacks an unemployment service clerk, then bursts into tears of remorse. A Bethlehem Steel worker can't bring himself to break the depressing news of his layoff to his family without the services of one of the social workers the company retains for such purposes. A worker who has not had to ask for a job since his uncle recommended him to the shop foreman more than 30 years ago laboriously composes a resume for one of the job-search workshops many companies are providing for unemployed workers to whom they can offer little or no hope of re-employment.

These are dislocated workers.

Their plight typifies the economic, personal, and psychological hardships of thousands who are being forced from jobs they've held for years, sometimes for decades. Their dislocation comes about not because of their lack of competence, but because of sweeping changes in America's technology, production, and marketing.

Dislocation has taken place before in this nation's industrial history. But in most instances it has involved a single segment of the economy or a specific region. The aftermath of the Korean War, for example, brought a glut of aerospace engineers and technicians to the job markets of the West Coast. By contrast, today's displacement of mostly blue-collar, mostly veteran workers is far more widespread and takes its heaviest toll in the so-called "smokestack industries" -- steel, auto, rubber, and metal fabrication. For instance, today not a single tire is manufactured in Akron, Ohio, which once billed itself as "Tire Maker to the World."

Until recently, little national attention was paid to the human costs of retrenchment in these basic industries, once the backbone of America's industrial machine. This may be because there has been no massive flight of workers from what some call the "rustbowl" of the Midwest and Northeast that was in any way comparable to the exodus of the impoverished Okies and Arkies from the dustbowl of the Southwest.

With the decline of the auto and steel industries, some employees have pursued opportunities in Sunbelt cities enriched by expanding energy developments. But most dislocated workers have strong ties to their communities. They are often the elite of the labor force, including in their ranks employees with substantial seniority and skills. When the assembly lines were humming, their wages were among the nation's highest. They have stable work records. Many of them own homes. They are conditioned to economic declines that have brought cyclical layoffs. These layoffs, however, had always been followed by a resumption of production that brought workers back to the assembly line.

Now thousands -- perhaps millions -- of employees in some of the nation's major industries will never go back to their jobs. They are victims of a restructuring that is underway in these industries. Current changes in the American workplace -- changes that many expect will continue through the 1980s -- can be attributed to the application of technology to manufacturing processes. It is also the result of increased foreign competition, demographic changes, and the export of labor-intensive production to countries with lower average wage scales.

This book examines the causes of worker displacement in the context of national economic change. It discusses the promising, though scattered, efforts already underway to help dislocated workers and outlines more far-reaching steps that can be taken with assistance of the federal Job Training Partnership Act of 1982.

More than 50 contributors have helped to fashion this volume. They include representatives of business, labor, and government who were in attendance at the National Conference on the Dislocated Worker that the National Alliance of Business convened in Pittsburgh in April 1983. The essays and other comments offered here are derived from speeches and remarks made in general sessions and workshops of this conference, which was cosponsored by 12 national organizations deeply concerned with the issue of worker dislocation. They are the AFL-CIO, the Business Roundtable, the Chamber of Commerce of the United States, the Committee on Economic Development, The German Marshall Fund, the National Association of Counties, the National Association of Manufacturers, the National Commission for Employment Policy, the National Governors' Association, and the U.S. Departments of Labor, Commerce, and Housing and Urban Development.

The contributors, at least as diverse as the sponsors, include the president of the United States, a governor, three mayors, a cross-section of the nation's corporate and union leadership, and high-ranking labor-management administrators from Germany, Sweden, and Canada. Predictably, they do not speak with one voice. They are united, however, in recognizing the problem of the dislocated worker as a national responsibility. In a speech that closed the Pittsburgh conference, President Reagan expressed that responsibility this way:

> *I believe that we as a nation owe an obligation, as well as a helping hand, to those who pay the price of economic readjustment. Government -- federal, state, and local -- provides support for job training and re-employment assistance. Business and labor, working in partnership, also have a responsibility to ease this transition and prepare employees and members for the future. Educators, as well, are challenged to tailor their curriculums to future employment needs.*

The contributors are not constrained by the lack of a consensus definition of dislocated workers. Neither are they unanimous in precise estimates of the numbers of the dislocated, or projections of the duration of the problem. Both those who see the problem as short-term and cyclical, and those who see it as long-term and structural, draw on a 1982 analysis by the Congressional Budget Office (CBO) to support their premises. "The number of workers likely to be dislocated in the near future," says the CBO's report, "is a function of the exact characteristics used to define dislocation--age, length of job tenure, occupation, industry, and duration of employment." It continues:

> *At the lower extreme, if only workers who are displaced from declining industries and who remain jobless for longer than 26 weeks are considered dislocated, the number ranges from 100,000 to 150,000 -- most of whom would be blue-collar workers in the Northeast and Midwest. On the other hand, if all unemployed workers in declining geographic areas are also considered dislocated, the number could range from 1.7 million to 2.1 million; about 50 percent would be blue-collar workers, but nearly 25 percent would be managerial, sales, and clerical workers.*

Estimates by knowledgeable analysts can be found at both ends of this range and beyond. *Fortune* magazine (May 16, 1983), also citing

statistics compiled by CBO, estimated that only one-fifth, or 1.6 million, of the nation's unemployed were from declining industries. Those out of work for 26 weeks or more, it found, totaled 240,000, of whom 60,000 had 10 years or more on the job. "While the troubles of the displaced should not be belittled," *Fortune* Editor A. F. Ehrbar wrote, "the overwhelming cause of the present unemployment is cyclical and will pass with the recession."

This estimate runs counter to the outlook of most of the contributors to this book. In Chapter One, Delaware Governor Pierre du Pont IV predicts that the pace of technological change in the next 20 years will surpass that of the past 80 years. He calls for an employment program that offers "an immediate response to those who are displaced today and a comprehensive strategy based on the prevention of dislocation tomorrow." One element of such a program would be assistance to high-school graduates to help them "bridge the gap between school and work."

Former Labor Secretary John Dunlop applauds the National Alliance of Business for extending its "long-time concern for the disadvantaged worker to the dislocated worker...because the problem is not going to go away." Some dislocation, he asserts, "is the price of progress." He warns, however, that "those most severely affected should not have to bear the cost of dislocation alone."

Concurring in the view that change in the labor markets is inevitable, Labor Secretary Raymond J. Donovan calls for concerted action by the public and private sectors to help workers displaced from outmoded jobs "move across occupations, often changing employers and industries." He estimates that at least 90,000 people could benefit each year from the range of services intended for dislocated workers during the initial years by the Job Training Partnership Act.

Three contributors analyze the impact of changes in the global economy on the displacement of workers -- Malcolm Lovell, a former undersecretary of labor; Alexander B. Trowbridge, president of the National Association of Manufacturers; and Egils Milbergs, director of the Commerce Department's Office of Productivity, Technology and Innovation. All emphasize the impact of the trilogy of forces changing industrial America -- technology, trade, and demographic change. Trowbridge urges his fellow Americans to disavow "historically insular" attitudes and recognize that "we are living in an international marketplace and must behave as if we do." Lovell detects a growing recognition "that we cannot keep exporting jobs in the hope of maintaining a free trade system and allowing other nations to outfox us in

the way they develop their markets." Arguing for world trade on a relatively equal basis, he calls on our government to ensure that our major trading partners play by "commonly accepted rules of the game." For the rest of this decade, says Milbergs, companies must constantly update managerial and technical skills to stay abreast of technological advancements that are shortening product cycles and rapidly making capital investments, skills, and public policies obsolete.

While *The Dislocated Worker* reveals the depth of the problems of industrial change and worker displacement, and traces them to their root causes, it also offers a showcase of programs and projects already under way to help dislocated workers:

A few examples: Provisions of the most recent contract between Ford Motor Company and the United Auto Workers give employees access to training and other opportunities that will help them redirect their careers. Bethlehem Steel Corporation provides an array of reorientation programs through a career continuation center. Crucible Steel and Sun Ship Corporation are just two companies that, in collaboration with the unions that represent their employees, have established job search clubs, mutually supportive groups of laid-off employees believed capable of moving to new jobs without extensive retraining. By applying lessons learned in early plant closings, Goodyear Corporation developed seminars and workshops to help veteran tire builders acquire new skills. Employees of Rath Packing Company are credited with saving the firm by buying a majority of the stock, a buy-out facilitated through the tax-favored mechanism of an employee stock ownership plan. The Sheet Metal Workers International Association has equipped mobile units for teaching new, marketable skills and located these units within commuting distance of members in several labor-surplus areas.

The pain of dislocation seems to be more readily apparent at the local level. Civic pride can be hurt. More important, plant shutdowns, especially in one-industry towns, can seriously erode the tax base. In any event, these pages abound with cases of positive community response to the problems of displaced workers. A task force mobilized by Des Moines Mayor Peter Crivaro did more than support the matching of the job skills and labor market needs. It secured a commitment from a local hospital to provide free health care for the families of laid-off employees. Additionally, it arranged, in cooperation with mortgage lenders, a program to ease the burden of payments during their unemployment. When General Motors announced plans to close its

large Southgate plant in Los Angeles, Mayor Tom Bradley reactivated a crisis-tested task force of labor leaders and chief executive officers of the area's largest companies to help the company, the state, and the United Auto Workers develop an effective, $10 million job-search and retraining program.

State governments, which share with the federal government responsibility for running state employment services, are taking a hard look at some of the long-standing regulations that are increasingly seen as barriers to retraining of laid-off workers. Some states are responding to recommendations by economic analysts, including those of the Congressional Budget Office, to make their unemployment insurance programs more flexible and to promote work-sharing programs.

Robert Blank of the Iowa governor's office tells us how a task force appointed by the governor built a constituency for programs to respond to plant closings. And Douglas Patino, director of the Arizona Department of Economic Security, offers policy assumptions for coping with the impact of industrial change.

As Kevin Balfe explains, Title III of the Job Training Partnership Act offers wide flexibility to state governments in the use of federal funds. Nevertheless, state and local officials can draw valuable lessons from the experiences of the Downriver Community Conference in the Detroit area, the Labor Department's prototypical model for testing the effectiveness of the kinds of assistance Title III provides. In its evaluation of the first phase of operation of the Downriver project, a Cambridge, Massachusetts, consulting firm found that average weekly earnings of re-employed program recipients were $64 more than a sample of re-employed workers not enrolled in the program. With program costs averaging $1,750 per participant, the benefits to the community and those enrolled appeared to the evaluators to exceed the costs--an eminently attractive economic return on investment. The Department of Labor subsequently allocated $7 million for six additional demonstrations, some of which are described in Chapter Ten.

I have tried to show the wide range of experiences and rich diversity of viewpoints expressed by the contributors to *The Dislocated Worker*. Some state their cases in analytical terms, others express them with the personal feeling of those who in some fashion have shared the experiences of dislocated workers and their families. No effort was made at the Pittsburgh conference to draft policy recommendations. The National Alliance of Business is pleased, however,

to offer the ideas, opinions, analyses, and caveats on the following pages to illuminate the current debate on issues raised by industrial dislocation. We believe they merit serious consideration by all those responsible for making human resource policies, and by those who are charged with carrying them out.

We believe, most of all, that the plight of the dislocated worker deserves national compassion, attention and thought -- of the quality and purpose represented in this volume.

William H. Kolberg
President, National Alliance of Business
October 1, 1983

Contributors

Lewis M. Abernathy, Ph.D. Director, Institute of Applied Economics, North Texas State University

Michael Arnold, Executive Director, Human Resources Development Insitutue, AFL-CIO

Kevin Balfe, Director, Policy and Evaluation National Alliance of Business

Robert Blank, Director, Governor's Grant Office, Iowa

William R. Bowman, Ph.D., Labor Economist, Department of Economics, U.S. Naval Academy

Tom Bradley, Mayor, Los Angeles, California

Edward J. Carlough, President, Sheet Metal Workers International Association

Carl Chavez, Director, Greater Milwaukee Re-employment Corporation

A.L. Cobb, Senior Director, Canadian Employment and Immigration Commission

Edward Chiera, Director, Alameda County Employment and Training Administration

Peter Crivaro, Mayor, Des Moines

William Donohue, Commissioner of Commerce, New York State Department of Commerce

Raymond J. Donovan, U.S. Secretary of Labor

John T. Dunlop, Lamont University Professor, Harvard University, Former U.S. Secretary of Labor

Pierre S. du Pont IV, Governor, Delaware

Russell B. Flanders, Executive Director, National Occupational Information Coordinating Council

Ruth Fedrau, Program Director, National Alliance of Business

Robert Guttman, Counsel and Staff Director, Subcommittee on Employment and Productivity, U.S. Senate

Randolph M. Hale, Vice President, Industrial Relations, National Association of Manufacturers

Gary Hansen, Director, Utah Center for Productivity and Quality of Working Life, University of Utah

Anne Heald, Associate Program Director, The German Marshal Fund of the United States

Elvin C. Hendricks, Coordinator of Special Projects, UAW, and a member of the Joint Governing Body, UAW-Ford Motor Company National Development and Training Center

Karen Ignagni, Assistant Director of Occupational Safety, Health, and Social Security, AFL-CIO

Andrea Long, Ph.D., Professor of Economics, Wayne State University

Malcolm Lovell, Visiting Fellow, Brookings Institution, and Former U.S. Undersecretary of Labor

J. Daniel Lyons, Ph.D., Director of Training, Goodyear Tire and Rubber Company

Michael Maguire, Director, St. Louis Metropolitan Re-employment Project

Michael Mallahan, Regional Manager, S. L. Start and Associates

Nan McGuire, Employer Program Manager, New Ways to Work

Robert B. McKersie, Professor of Industrial Relations, Sloan School of Management, Massachusetts Institute of Technology

Kenneth McLennan, Vice President and Director of Industrial Studies, Committee for Economic Development

Dr. Harry Meisel, Regional Labor Office, Federal Republic of Germany

Egils Milbergs, Director, Office of Productivity, Technology, and Innovation, U.S. Department of Commerce

Judy Miller, Director, Salem Job Assistance Network, Salem, Oregon

Charles Mix, Director, Community Service Department, Ohio AFL-CIO

Robert Mosbacher, Jr., Private Sector Initiative Office, The White House

Douglas Patino, Director, Department of Economic Security, Arizona

Daniel C. Przybylek, Ph.D., Dean of Continuing Education, Community College of Allegheny County

Ronald Reagan, President of the United States

Harry Reeverts, Director, Buffalo/Erie County Private Industry Council

David M. Roderick, Chairman, United States Steel Corporation and National Alliance of Business

Corey Rosen, Executive Director, National Center for Employee Ownership

James F. Ross, Director, Career Continuation Center, Bethlehem Steel Corporation

Freda Rutherford, Director, Downriver Community Conference

Mark Sanders, Acting Director, California Department of Employment Development

Ernest J. Savoie, Director, Labor Relations and Employment Office, Ford Motor Company, and Member of the Governing Body of the UAW-Ford National Development and Training Center

Per Silenstam, Head, Division of Labor Market Services, Labor Market Board, Sweden

Robert Soter, Operation JOB Search, Lehigh Valley, Pennsylvania

David W. Stevens, Department of Economics, University of Missouri

Ernst Stromsdorfer, Ph.D., Vice President, Abt Associates, Cambridge, Massachusetts

Alexander Trowbridge, President, National Association of Manufacturers

ONE

MOBILIZING THE PUBLIC PRIVATE PARTNERSHIP

INTRODUCTION

Most Americans survive -- and many thrive -- in a period described variously as the information age, the communications age, or the post-industrial age. These are just three, widely-used terms to suggest that traditional industries are shrinking while companies that rely on the application of high technology and those that offer services are expanding.

We mask the complexity of the problem by using metaphors and shorthand to discuss it. We talk of the decline of the smokestack industries in the nation's Frostbelt, evoking visions of abandoned plants, such as those that dot the industrialized Mahoning Valley in northeastern Ohio and western Pennsylvania. But in nearby Pittsburgh, robotics engineers of Westinghouse Electric Corporation and academic analysts of automation at Carnegie-Mellon University constitute one of the major forces for revolutionizing the factory floors of the country.

To stir thoughts of a campus-like setting made lush by the close affinity between visionary electronic engineers and daring risk capitalists, we mention California's Silicon Valley. Yet Alameda County, just across San Francisco Bay from this high-tech concentration, has lost 20,000 jobs with the closing of plants by General Motors, Caterpillar Tractor and other retrenching manufacturers.

These paradoxical situations underscore the fact that today's pattern of industrial change and its implications defy simple explanation. Industrial America is in transition but we've not yet found the

prophets who can tell us with certainty exactly what its form will be in the next generation.

It may well be, as some have suggeted, that the ultimate net effect of advancing technology will be to generate more jobs than it eliminates. In the meantime, however, worker displacement will occupy much of the attention of management, labor, and government. Few would argue with Labor Secretary Raymond J. Donovan when he says that "the plight of America's dislocated worker may be the labor-market issue of the coming decade."

In this chapter, Governor Pierre du Pont IV and Harvard Professor John Dunlop join Donovan in setting the stage for the detailed discussion of worker displacement in subsequent chapters. Asserting that the nation has vacillated in trying to end the mismatch between jobs and people, Dunlop calls for more constant attention to the problem and asks for stronger efforts to build institutions able to bring together labor, management, and government to deal with it.

If states, as some political scientists suggest, are laboratories for national policies, Governor du Pont's ideas warrant particular attention. He finds the nation unprepared for the present pace of technology because of a school system that graduates students deficient in science and mathematics. But in Governor du Pont's view, the rebuilding of educational programs must be preceded by a broad range of programs to assist the unemployed that might need to be coordinated by a quasi-governmental body. □

PREVENTING UNEMPLOYMENT IN A CHANGING ECONOMY

Pierre S. du Pont IV
Governor of Delaware

A recent story on the evening news crystallizes the issue of unemployment and the plight of the dislocated worker. The city of Pittsburgh was taking applications for 170 temporary maintenance jobs. During a rainy Saturday, over 3,000 people stood in line, hoping for a chance to fill out an application. With unemployment exceeding 15 percent, Pittsburgh is one of those unfortunate areas in the nation hardest hit by the national recession. But Pittsburgh's unemployed are not alone. Indeed, unemployment is a national disease that affects men and women, young and old, black and white, easterners and westerners. Today over a tenth of the work force is out of work. Youth unemployment stands at 25 percent. Among minorities, it's 36 percent. Unemployment among black teenagers is a staggering 50 percent. This is in a nation built on the principle of opportunity for all. Such statistics are a tragedy for millions of American families, an economic disaster for the nation, and a challenge to the ingenuity and the common sense of the American people.

How can it be that we have such an incredibly high unemployment rate in the United States today? There are several reasons. Certainly the first is that we have the worst recession in 50 years. The complexity of today's problems, however, require a more penetrating analysis. The common syllogism is deceptively simple. Unemployment is caused by recession. Recession is caused by the government. If the government would make recession go away, then unemployment would go away and we would all live happily ever after. This is not the solution to today's unemployment problem. We have a crisis that demands a very different solution. Today's crisis has its roots in the enormous degree of technological change that is overtaking our society, change that a great many Americans don't under-

stand and find hard to accept. The president's economic policies are preparing the nation for a period of sustained, long-term economic growth. This is not going to be enough, however, because economic recovery is only one part of the solution to the unemployment problem. This is where this recession and employment problem differ from those of the past.

Martin Feldstein, the chairman of the President's Council of Economic Advisers, testified to Congress that he believed that perhaps half of our current unemployment is structural and not related to economic growth at all. Of course, sustained growth is essential to creating employment opportunities because sound economic policies do create jobs. However, economic growth alone is not the answer. The answer lies in the government's recognition that dislocated workers, those whose jobs will not come back even after the economic recovery is in full swing, need some retraining and preparation for new jobs. I believe the federal government must set as its number one priority the development of a national employment policy, as opposed to an unemployment policy that seeks to train people for permanent jobs in emerging industries.

Now this may seem logical, but it's tough to get congressmen, who are accustomed to throwing money at problems and hoping for instant solutions, to think about the long-term work that needs to be done to solve the problem of unemployment in a technologically changing work force. When the twentieth century began, nearly half of America's workers earned their living on farms; today only 4 percent do. The steel industry, a critical source of jobs, was in its infancy. The automobile industry did not exist. Computer technology lay two generations away in the minds of scientists yet to be born. The transformation of our jobs, the movement of our people, the improvement in our skills over the first 80 years will be matched and exceeded by the changes of the final 20 years of this century.

The significance of this projection is overwhelming. It means that the next 20 years will see as much displacement and as many adjustments and technological advances as the past 80 years. Consider, for example, the accelerating pace of technological innovation from theory to practical application and how that pace has quickened in the last 300 years.

The original experiments of steam power were conducted in France in 1666, but it was not until 1825 -- 160 years later -- that the steam engine powered a locomotive. Electricity theories were first discussed in 1800, yet years passed before a commercial power plant

was built. Only 50 years elasped between Einstein's original theories of nuclear fission and the commissioning of the world's first nuclear powered submarine. Only 10 years passed between the development of the transistor at Bell Laboratories in 1948 and its use in satellites and computers. And it took a mere seven years from the discovery of the laser in 1958 until its widespread application in medicine and industry. In short, the rate of change in our society is rapidly escalating, and nowhere is that technological progress more evident than in the reshaping of the fundamentals of the American economy and its work place. That change has brought with it the problem of the dislocated worker.

Today's workers are losing jobs in a shifting economy that places a higher demand on skilled employment. Consequently, dislocation is liable to get worse, not better. The continued shift away from manufacturing jobs to high technology and service industries is expected to affect 10 to 15 million workers over the next decade. This shift carries with it two fundamental implications to which our nation must respond.

First, many people will no longer be needed to perform their traditional roles in the work place and may lack the skills to secure employment in an emerging industry. Clearly, we must create a system to help retrain those people today.

Second, and perhaps most important, rapid technological advances will create millions of new vacancies in the design, production, installation, maintenance, and operation of the new technologies and processes. These two trends together are likely to accelerate the growing mismatch between the number and types of vacancies available and the people who are available to fill them. Our task is to ensure that young people and older workers will have the skills that they'll need to serve themselves in this new economy.

If technological innovation is going to continue at this furious pace and if already half the unemployment we have today is structural, what does that tell us about the future? How do we prevent the dislocation of thousands of future workers, and how is this nation going to react to the challenge?

Historically, a focal point for reacting to that kind of challenge has been in our education system. For almost 200 years in America, each new generation was sent into the marketplace with a set of skills that would make possible a lifetime of productive employment. But now the skills that are required in our new economy are changing so rapidly, the old theory of one skill per generation is no longer suf-

ficient. In addition, the nature of evolving technology demands that those entering the work force possess a more substantial background in mathematics and technical subjects than we're offering students in our schools today. The skills we are teaching our young people today are not the ones they're going to need to enter the world of work tomorrow. That's an oversight that must be corrected.

It's been said that America is the best half-educated country in the world, and I'm beginning to believe it's true. In many states a student can graduate from high school with one credit in math and one credit in science. At a time when the disciplines of math and science are in tremendous demand in the marketplace, it's up to all of us -- parents and educators and government officials -- to modify the high school curriculum to require additional courses in these areas.

Recently published statistics illustrate this problem very well. Three years ago, Ohio State University discovered that 50 percent of its incoming freshmen required remedial courses in mathematics. In Maryland last year, 50,000 secondary school students were being taught math by teachers not certified in that subject. This year's graduating class at the University of Utah will include only one student with a minor in mathematics and none majoring in mathematics. The lack of a solid background in math and science is, thus, not only causing unemployment and worker dislocations here at home but also raising questions about national security. If you compare the high school curriculum in the United States and the Soviet Union, you come up with some disturbing statistics. During the last 15 years, the Soviet Union has rebuilt its pre-university educational system, creating mandatory, 10-year mathematics and science curriculums for all its students. The scope and content of these curriculums place them far ahead of every other nation.

In comparison to his or her American counterpart, every Soviet secondary school student has from one to eight years more training in the fields of algebra, geometry, calculus, physics, chemistry, and biology. The disparity between the level of training in science and mathematics for an average Soviet skilled worker or military recruit and that of America's average worker or military recruit is quite significant.

It is important to recognize that while the educational process in the United States may not be declining, a growing percentage of our competitors in the world, including the Soviet Union, are being trained much more effectively to cope with the complexities of evolving technology. Such a tremendous investment in education, no

doubt, will improve the Soviet Union's scientific, industrial, and military strengths, and I believe this presents a clear, long-term threat to the United States in all those areas.

Congress, at the urging of President Reagan, has begun to focus on the issue, and legislation is being developed to address America's need for increased emphasis on those disciplines that will help workers compete in a high-technology economy. But the neglect of math and science is only a symptom of a more serious problem in our schools. The American educational system will fall short of our expectations until two things happen.

First, if the objective of the educational process is to prepare people to be self-sufficient and self-supporting, then our schools have to recognize what's happening outside the classroom walls and inside industry walls. The ivory tower approach -- knowledge for the sake of knowledge -- just won't do for a majority of young people. We need more business and more labor involvement in the selection of curriculums and in the supervision of programs; this way, our young people can learn the skills and obtain the knowledge that will help them compete in the high-technology world of work awaiting them after graduation.

Second, and more important, we ought to begin to instill across America the idea that the school system is responsible for helping young people find employment. Right now, our education system takes no responsibility for placing its end product, the student, in a job. And too often, therefore, our young people fall into the abyss between school and work. We need to find some way to bridge that gap, and I believe more private sector involvement is the beginning of the answer.

We've had some success in putting this principle to work in Delaware with Jobs for Delaware Graduates. This program identifies high school students who are otherwise likely to become unemployed. This program prepares, counsels, and motivates them, before placing them in a job in the private sector. A non-profit corporation with a board of directors representing government, business, labor, and education, the program has an 85 percent placement rate. We formed an umbrella corporation, Jobs for America's Graduates, and the program today has 6,000 young people in it in 140 high schools in eight states. It's a small effort, but its in the right direction.

We're living in a very exciting era, an era that is going to see some major breakthroughs in science and major shifts in the application of technology. We must make sure that the change in technology does

not outpace the change in our education system and the capabilities of the majority of Americans. The public school system, with greater involvement from the private sector, must lead the way.

This is going to be a substantial challenge for us, one that will place a premium on leadership and initiative -- from government, business and labor, and the education community. The question is, where and how do we begin?

First, we've got to demand that the Congress of the United States get to work on a real jobs bill, not a temporary stopgap approach. A simplistic measure that offers a little money for everybody isn't going to help very much. Previous congressional remedies have concentrated on only half the problem -- the half caused by recession. Congress must now focus on the other half -- structural unemployment -- and develop a flexible employment program that creates job skills to match job opportunities. The program must offer an immediate response for those who are displaced today and a comprehensive strategy for prevention of dislocation tomorrow.

Such a program must include several elements. First, we need a national employment assistance program that offers a single package of unemployment benefits, training vouchers, and immediate job search and location assistance to those currently displaced workers who are drawing unemployment benefits. Second, a similar program of immediate relief should be offered to those who are on extended benefits and may fall off the edge of the system unless we provide assistance on a one-time, emergency basis. Third, we need to create a nationwide school-to-work transition program to help bridge the gap between school and work. Finally, and most important, we need to organize our government around the principle of employment. We haven't done that for 50 years. For 50 years we've dedicated ourselves toward cushioning the blow of unemployment. Isn't it time we said the national goal of the United States of America is to help people become employed and give them the skills they need so that they can do a job?

That's going to require something different. It would be some measure that is halfway between the Federal Reserve Board and the Synfuels Board. It would be a continuing mechanism that would protect employment and training programs from disruption every year by a new Congress or a new president. Instead, it would give them some continuity and some independence to a program that would last more than a decade. It's going to require a different organization within Congress. Instead of a dozen committees worrying about the problem,

we need just one -- a single congressional committee on employment and training.

After Congress has passed a real employment and training bill, then we can go to work on increasing the number of math and science courses required for high school graduates. We can begin the very difficult process of integrating the private sector and the educational community. That will point us in the right direction and help give our young people the kind of education they need for tomorrow's economy.

We are all going to have to join together -- labor, government, business, educators -- to meet this challenge. We owe it to today's unemployed because of the tremendous personal grief that unemployment causes the individual and his or her family. We owe it to the many employers who are striving to grow and reinvest their profits and their energies, creating more jobs for tomorrow. And we owe it to every American, because our nation must keep pace with the rest of the world. The problem of the dislocated worker is ominous in terms of our national economy, our national security, and our future as a free people in a land of opportunity.

Many years ago, President Lyndon Johnson said: "We must open the doors of opportunity, but we must also equip our people to walk through those doors." We're fighting to keep the doors open, but we're not doing nearly what we must to equip people to walk through.□

THE JOB TRAINING PARTNERSHIP ACT:

The Public Sector's Flexible Response

Raymond J. Donovan
U.S. Secretary of Labor

The top priority of the Reagan Administration is to put America back to work and to put it back to work in a manner which provides meaningful, long-term employment for the men and women of America. For several years now, we as a nation have struggled through a period of low growth, high rates of interest and inflation, diminished incentive for management and labor, and skyrocketing energy prices. Concurrently, labor markets continue the transition away from the goods-producing industries and into the service-providing sectors. As our economy has changed and as this change has accelerated, a new term has crept into our vocabulary -- the dislocated worker -- the person whose permanent job disappears as our economy responds to the numerous forces for change that push upon it. Sadly, "dislocated worker" is becoming a phrase that is too well known. It characterizes a problem that in my view, we are only beginning to address.

America's industrial might has been sorely tested by enormous changes -- in technology and trade, resources, and demographics -- that are affecting our economy. As a result of these changes, once-productive workers now find themselves jobless. There are both costs and opportunities in the changes that challenge us. Historically, we have moved from an agrarian economy to an industrial one, from a goods-producing to a service economy. In the process we have grown stronger and healthier. But change has been a predominant characteristic of our economy and its labor markets.

In 1948, for example, the goods-producing sector of the economy accounted for 46 percent of the gross national product, the service sector 54 percent. Today the distribution is 34 percent for the goods-

producing sector, 66 percent for service industries. As enormous as this shift was, it is expected that the degree and pace of change will accelerate in the years ahead. Virtually every aspect of our economy will be affected by the application of new technologies to the production and distribution of goods and services. Jobs that now exist will become outmoded and disappear, and new opportunities will emerge. Workers will need to move across occupations, often changing employers and industries. The challenge to all of us, in both the private and public sectors, is to assist them in making the transition, to reduce the economic and human cost to the individual, while retraining the work force to give it the dynamic flexibility that a growing economy will require.

What is the role of the public sector in meeting this challenge? We rely to a considerable degree on public institutions, primarily our schools, to develop the basic skills and competencies that job seekers carry into the labor market. Until recently, those who needed to refresh or redevelop those basic skills have done so on their own, receiving little public support outside of unemployment compensation or other cash assistance. However, the Job Training Partnership Act, which the president signed in October 1982, contains a program that is designed to meet the needs of the nation's dislocated worker. The dislocated worker program under JTPA is intended to prepare workers for new careers and to place them in jobs that will make them self-sufficient for the long term. There is $1[illegible]0 million appropriated in 1983, but the president's budget will more than double that in fiscal year 1984. It's a sizable commitment and one, we believe, that can be used effectively. In 1984, we anticipate that at least 90,000 persons will be served in this program. The Labor Department is funding six demonstration projects that are devoted exclusively to the dislocated worker. All of them are based on variations of the famous Downriver project at Wyandotte, Michigan. The Downriver Community Conference, a public, non-profit, community-based organization, designed and administers an experimental project that enrolls workers laid off because of plant closures in automobile, steel, rubber, and related industries in the Detroit area. The project provides participants with a thorough program of testing, job search assistance, classroom and on-the-job training, and relocation services. The stated objective of the program is a simple one -- to return these workers, as soon as possible, to quality jobs.

Toward this end, the staff works with employers, both local and out of the area, to determine present and future need for skilled labor.

Employment-related services for individual participants in the program are developed to fill these needs.

The success of this enterprise, or any enterprise, depends on a foundation of credibility, of honest effort, and a genuine desire to be a thriving part of the private sector. Downriver achieved this goal by serving employers as though they were customers and by delivering a solid product -- skilled, retrained workers. By the time the Downriver project ends, approximately 2,200 participants will have been served at a total cost of $5.7 million, including $5.2 million from the Employment and Training Administration.

Last year the Department of Labor funded six new demonstration projects -- Lehigh Valley in Pennsylvania; Alameda County in California; Yakima County in Washington; Mid-Willamette Valley in Oregon; Buffalo, New York; and Milwaukee, Wisconsin -- for a total cost of $7 million. This new effort is expected to serve nearly 4,500 dislocated workers in these six communities, all of which have suffered large layoffs from major local industries. In the process of placing participants, the six projects will test and develop methods of helping workers laid off permanently.

The dislocated worker program of the JTPA will make a difference. As we gain experience and the states identify the most effective approaches to retraining, we will reduce the problems encountered by those whose jobs are permanently disrupted. And it is our view that the success of these training programs depends on the deep involvement of the employer, labor, educators, community organizations, and every other institution. If we can demonstrate success, we can virtually guarantee increased support for this type of program by the federal government in the future.

When you consider the magnitude of the challenge and its heartrending aspects and recognize that most job training in the United States occurs in the work place, you have to conclude that the response to the problems of the dislocated workers will not be resolved by public sector initiatives alone. Concerted efforts by employers and labor will be needed to address this problem, and we will need more innovative approaches. Recently concluded agreements in the automobile industry as well as in the steel industry and others, in which a fraction of wages are set aside for training programs are excellent examples of the creative spirit that is needed. It is an investment by both the employer and the employee in the future of the individual worker, and it sets a precedent worth examining.

Economic growth obviously depends on our ability to adjust to changing circumstances. We cannot, even if we choose to try to do so, prevent changes in our economy and our labor markets. Change is inevitable, and it is the result of technological advance, increased foreign competition, reduced availability of resources, and shifts in consumer preferences. The secret, however, is to make change work for us.

We believe that the dislocated-worker initiative of the new act is a necessary part of the response to the problem. We believe that increased emphasis on adult retraining in our schools and community colleges must be part of that response. If we are imaginative rather than reactive, we will identify effective and innovative approaches to the problem, and in doing so, we will allow our economy and people to prosper.

In sum, I believe the plight of America's dislocated worker may be the labor market issue of the coming decade, but I believe that how we address it will be a significant determinant of our economic growth and the wealth and well-being of our people.□

INVOLVING GOVERNMENT AS CATALYST, NOT AS REGULATOR

John T. Dunlop
Lamont University Professor, Harvard University,
and former U.S. Secretary of Labor

Consideration of three major themes can shed light on the critical problems of dislocated workers and help us strengthen the partnerships that have been formed to alleviate them. These themes can be stated as follows:

Theme One: The issues should be pursued with greater constancy. We recognize that while the label "dislocated" is new, the problems are old indeed. Whether the dislocated are blue collar or white collar; whether they are displaced because of technology, trade, geographical changes, or wartime or post-war readjustments, the characteristics of these problems are old. But over the years our attention to these problems has vacillated.

In 1961 we were all impressed with the virtues and problems created by automation, so we passed the Manpower Development and Training Act. Along came the middle sixties and we invented the word "disadvantaged" to identify the problems of that day, and, thus, we veered in another direction. We had developed so many categorical programs in the late sixties that in the early seventies we passed the Comprehensive Employment Training Act. CETA programs became so concerned with income maintenance, and so little concerned with training, that we needed to enact the Job Training Partnership Act in 1982.

We need a clear, new direction. We need a greater faithfulness and constancy of vision, for these are, indeed, persistent problems.

I am particularly delighted to see that the National Alliance of Business has extended its long-time concern for the disadvantaged worker to the dislocated worker. I'm glad because the problem is not going to go away. The forecasts on unemployment for 1987 made by

the Reagan Administration are 7.3 percent; those made by Data Resources, Inc. are 7.4 percent, and those made by the Congressional Budget Office are 8 percent. It's clear that our unemployment rates are bound to be unsatisfactory, at best, for the next five years. That means there is an added urgency to the national concern about the needs of the dislocated worker.

Theme Two: People must be matched to available jobs. A fundamental characteristic of our labor market in the 1980s is the very serious mismatch between the skills needed for available jobs and the skills of people looking for work. A return to significant economic growth will be indispensable and will, of course, help, but it will not eliminate this mismatch. The labor force in the decade ahead will need to respond to regional shifts in economic trends, to shifting industries and occupations, to important age shifts and the growing number of women and minorities, and to the important changes in technology, energy prices (and their long-term consequences), and international competition.

All of those changes together require us to make our current labor force -- employed or otherwise -- more malleable, more adaptable, more trainable than ever before. If business, labor, and the public sector are to cope with this mismatch between work and workers -- a mismatch aggravated by unemployment -- they must give their full attention to all aspects of the problem.

Theme Three: Institutions need to be rebuilt. While we need to pay attention to important short-run problems of unemployment, we must focus our attention upon institution building for the decade ahead. I had occasion recently to review the work of a Detroit project designed to help communities apply cost constraints to health care programs. This project is bringing together labor, management, doctors, health-service providers, hospitals, physicians, and insurance companies as a problem-solving entity. Only by working for a consensus by such wide-ranging groups can we reduce cost increases without jeopardizing the quality of health care and access to it. At the same time, we must deal with the one of the most serious short-term consequences of unemployment -- the lapse of people's health care benefits.

Other longer-run considerations also need attention. The time seems to be ripe for us to adapt our unemployment insurance program, which has served the country well over the last generation or two, with quick responses to unemployment. We should build into it more adequate counseling and the opportunity for the unemployed to draw

benefits and to continue training. The program needs to recognize that men and women who are unemployed and taking training for new roles should not be deprived of their unemployment benefits. Those principles, I'm happy to say, were endorsed by a subcommittee of the President's Committee on Productivity, which I chaired last fall. Many of these problems received a great deal of attention in the sixties under the Armour Automation Commission, which was concerned with the problems of workers facing plant shut-downs. Techniques developed by the commission have long been used in Canada and are being used increasingly in California. It seems clear that other states should be encouraged to experiment.

The private arena has shown itself capable of great innovation. The Ford Motor Company and the United Automobile Workers, for example, recently dedicated a new headquarters for an exemplary series of national training programs which grew out of their last agreement. Five cents an hour is placed in a fund that is jointly administered to provide training for either those leaving the industry or those remaining who wish to acquire new skills. General Motors and companies in other industries, such as steel, have begun to develop comparable programs. But these innovations are not limited to industrial giants. Edward J. Carlough, president of the Sheet Metal Workers International Association, reports highly favorable results from programs established by the Stabilization Agreement of the Sheet Metal Industry. He writes:

> *We are paying the freight for unemployed sheet metal workers to travel to one of five portable welding trailers which we have established, in different parts of the country, for them to become certified welders. In the past month, 42 members of one relatively small local union became certified at one of our trailers. These are the kinds of private action we are seeking.*

I think it is necessary for the private business sector to develop policies for giving advance notice of plant shut-downs. If problems of dislocation resulting from these closings are not met in a voluntary way, legislation will be enacted in state after state, if not on the federal level. It has already happened in three states, and legislation is pending in others.

The answers lie in the ability of various parties to work together. Whether you call them social partners or private partners, they can be effective, provided they are true partners. I contend that the training,

counseling, and other adjustment activities which need to be worked out for each community are different, and that the history of each relationship is different. They can, therefore, be expected to take diverse approaches to problem solving.

A society ought not to be hostile to all dislocation, for dislocation, in a way, is the price of progress. The only way you could avoid dislocation is to have no change, and that sounds like a cemetery. However, if change is to result in benefits for the population at large, those most severely affected should not have to bear the cost of dislocation alone. We need ways of cushioning, adapting, and training.

The issues I have briefly cited amply demonstrate the need for new institution building. We do not have in our society the institutions appropriate to bring together labor, management, and government, on the local or national level, to deal with these issues. The art of institution building requires peculiar attitudes that we have not always been known for as a people. It requires a capacity to listen. It requires a willingness to engage in discourse. It involves a dedication to finding out what the facts are, wherever they may lead. It involves bringing together unlike groups not used to dealing with each other. It involves government, not as a regulator, but as catalyst.□

TWO

THE NATION'S ECONOMY:

What are the Implications for Business, Labor, and Government?

INTRODUCTION

For those who blithely contend that advances in high technology can compensate for declines in such basic industries as steel, automotive, and rubber, the designated spokesperson for the nation's manufacturers has a stern warning. "We cannot be a world leader without a strong industrial base," says Alexander Trowbridge of the National Association of Manufacturers.

Two other contributors -- Malcolm Lovell, a former Undersecretary of Labor, and Egils Milbergs, of the Commerce Department's Office of Productivity, Technology, and Innovation -- share with Trowbridge a deep concern about the erosion of the industrial base. Along with virtually every other economic analyst today, they are aware of the pervasive influence of technological change. They are equally conscious of the increasing impact of the world marketplace on the domestic economy. In different, but equally effective ways, they also emphasize the need for America to reconcile its historic predilection for free trade with what they see as an urgent need for relief from self-imposed restrictions our trading partners refuse to observe. □

MEETING WORLD COMPETITION

Malcolm Lovell
Visiting Fellow, Brookings Institution,
and former Undersecretary of Labor

Approximately 70 percent of the goods produced today in the United States are in competition, either in this country or abroad, with foreign products. This is a very dramatic change from what we knew in the fifties. During the immediate post-World War II period, the United States dominated the world economically. It is ironic that we now face such keen competition, given that part of our public policy in the fifties and sixties was to help reestablish the economies of Europe and Japan and to help underdeveloped nations -- the Third World. We have succeeded rather well, and as a result, we are under continued economic pressure from these nations that we helped. I think, however, that over time the world is going to be better as a result of this capacity.

It is not necessarily bad that we are now experiencing greater competition. We have to recognize that we cannot continue as we did in the fifties and sixties with almost an absence of competition. From now on, competition is going to be tougher. Most of the businesses and, indeed, most of the labor organizations that have dealt with the impact of foreign competition have recognized this fact and are now girding their loins to enter this fray and to win.

We are beginning to realize, however, that as part of the process of becoming competitive, there are some things of which we need to be wary. One is the flurry of posposals to protect our own products by keeping foreign competition out. I think there's almost unanimous recognition that a prosperous world trade in which all nations are able to compete on a relatively equal basis enriches all trading partners. However, there is not complete agreement about how that "relatively equal basis" can be assured.

We do not have the types of trade constraints that we had in the early thirties when nations all over the world enacted tariffs. Actually, the world has gone through some drastic economic crises since that time. I contend that if we were to be surprised at anything, it is that we haven't had greater impediments to trade. We've seen unemployment rates in Europe that are at least as high as ours and that have risen to this point from a much lower level only a few years ago.

Therefore, we have to be careful not to close our markets to foreign competitors. But part of becoming more competitive means recognizing that our trading partners throughout the world have become more sophisticated and more imaginative as they try to seek market dominance. We see a number of systems maturing throughout the world that are very different from what we have known. The Japanese, the French, and almost all other countries try in many ways to establish the technological and market dominance of their products.

We have not faced up to how we as a nation deal with this circumstance. We are, however, begining to recognize that we cannot keep exporting jobs in the hope of maintaining a free trade system and allowing these other nations to outfox us in the way they develop their markets. We need to encourage our competitors to trade fairly. Government cannot select winners and losers, but it can contribute to ensuring that our major trading partners play by commonly accepted "rules of the game." We must involve business, labor, and government in an alliance that can structure our markets, our research, and our financing to meet the competition from those other countries that are already organized in this fashion.

We are also learing that in a more competitive society there are going to be substantial changes in the employment mix and, indeed, in the nature of the work to be done. There are going to be changes in the technology used; we are seeing very dramatic evidence of this.

Despite these predictable changes in the job mix, we can be reasonably confident that the total number of jobs is going to increase and that the more competitive we are, the faster these jobs will grow and the more money we will be able to pay employees. In the interim, however, a number of people are going to be put out of work because of new technology or the changing mix in the industry. We need to examine this problem.

How do we deal with these workers who, through no fault of their own, are adversely affected by a very dramatic change in the world's economy, in the way nations and industries compete with one another, and in the way they build and share wealth? Workers and businesses

in this country are in competition for jobs and wealth with those in other nations. No one is prepared to say that society should show no concern for displaced workers -- whether they be in the steel industry, the auto industry, or indeed, whether they work for Atari in California and see their jobs shift overseas. To the contrary, layoffs, reductions in force, plant closings, the movement of facilities to other areas of the country and to other areas of the world -- all these factors are the proper concern of labor, management, and the rest of society. What is to happen to those individuals who, through no fault of their own, have a more difficult time in finding work?

It is important that we differentiate slightly. We often think one can find work or one can't find work. It isn't always that simple. A steelworker who is making, say, $28,000 a year may be able to find work at $14,000. The question arises: is this something that the individual should do? Sometimes it is, and sometimes it's not. A Pittsburgh resident may be able to find work in Boston. Should she or he be required to move? The answer should be an individual judgment. We have a private and public responsibility to provide options and to expand those options now available.

John Dunlop outlined a number of the efforts that we have made in this country since 1961 to deal with the displaced worker. There are a few that he did not mention. One is the Trade Adjustment Act, which just dealt with the displaced worker in areas adversely affected by trade judgments. However, there really is not much difference between someone who's put out of work by a trade judgment or a judgment of the Federal Reserve Board to change interest rates, which changes the demand for automobiles. The question is the permanency of the redundancy. The Trade Adjustment Act particularly emphasized income support but did not relate it adequately to the kinds of services that the individual needs to move to a different type of work. Income would sustain the individual for an extended period of time, until his or her old job reopened; however, it did not help the individual very much if the job was discontinued.

We also have had several pieces of legislation for specific industries. The Airline Deregulation Bill provided for a variety of income support measures and special requirements. We have had the Redwood Forest Act, which provides an array of services and support to these workers and to a number of individuals in other industries that have been deregulated. The Job Training Partnership Act, is a good start, but certainly it is not a piece of legislation about which we should be complacent.

I suggest four principles for developing public policy regarding the choice of services to the displaced worker, who I define as an unemployed person in the labor market at least four years and who is unlikely to be rehired for at least six months.

First, income support, training, and job-search assistance must be tied together in some fashion. Second, the problem needs to be considered on a long-term basis with funding provisions that are not related to a particular economic cycle. I believe that we are headed out of the recession, that our economy will improve, and that the unemployment rate will drop; however, I also think we're going to have continued serious problems with the displaced worker. Therefore, it is vitally important that whatever is put in place is not subjected to the emotional funding that disappears when the economy improves.

Third, individuals must assume the major decisions regarding the nature and location of their new careers and the type of training, if any, they should receive. It is not appropriate that we mandate what they should do. But let us provide them with the tools and the options they need.

Finally, we should not wait six months or a year but rather attempt to develop programs that provide to the displaced worker options as quickly as possible once it is recognized that is is unlikely that he or she will return to the same firm.□

PREPARING TODAY'S PEOPLE FOR TOMORROW'S JOBS

Alexander Trowbridge
President, National Association of Manufacturers

Let's lay a persistent myth to rest. While it is fashionable to report the death of our so-called "smokestack industries," that report is clearly premature.

America cannot as a nation sustain itself on the basis of its "high-tech" or "fast food" industries alone. While we must nourish our new growth sectors, all Americans will not work in automated drive-in banks, and all of us will not spend our days at computer terminals. Someone has to grow and process the food, to build the machinery, forge the steel, produce the computer parts, and do all of those jobs presumed by fast-food and high-tech industries -- and demanded by our national interest and security. We cannot be a world leader without a strong industrial base. Therefore, it is essential that we not let that base disappear.

There are and will continue to be changes in our basic industries, driven in part by the severity and duration of the recession, the dynamics of international trade, and other forces. In reality, the data show that most of our unemployment hinges on two factors: cyclical phenomena and structural changes in demographics.

As a matter of fact, almost two-thirds (60.8 percent) of the current unemployment is directly attributable to the extent and severity of the recession. This accounts for some 7.3 million of the 12 million unemployed workers in America.

The second major cause of our unemployment is an influx of new people to the job market. New entrants account for almost 10 percent of the unemployment, or 1.2 million people. Re-entrants account for 21.6 percent, or 2.6 million unemployed workers.

Recession and demographics are, thus, the major components of the unemployment problem. How, then, do we deal with one of its manifestations, the chronically jobless who have difficulty in finding and holding jobs no matter how healthy the economy is? This problem is particularly severe among youth and blacks and other minorities.

In 1982 the annual unemployment rate for the entire population was 9.7 percent. For white males under 20, it was 44 percent. Similarly, for white females under 20, the rate was 19 percent; for black females, it was 43.8 percent.

Such numbers reflect differences in average skills and educational levels, the concentration of minorities in depressed areas, and probably, some degree of racial discrimination. Under conditions of mass unemployment, the urban poor, whose access to education and training is inadequate, are at a very great disadvantage. Programs can and must be fostered to remedy that situation.

The hard facts are, though, that both general and disadvantaged unemployment are likely to continue at high levels for the next several years because the pace of economic growth will be insufficient to return everyone to work rapidly. Again, this is not a function of the demise of industries but of the nature and duration of the recession. A long, drawn-out recession will be followed by a relatively slow, drawn-out, and we hope, steady recovery.

When the country is in recession, those industries that are capital intensive or interest-rate sensitive, or both, suffer the most. Consumers of housing and autos depend on long-term credit rates for their purchases. When rates are high, people cannot afford -- and do not choose -- to purchase. Businesses need large amounts of capital to function, and most durable goods manufacturers suffer under high interest rates. Heavy manufacturing suffers at the beginning and the end of the capital spectrum: companies cannot afford to borrow for their business purposes, and their customers cannot afford to borrow to purchase their products.

When recessions are short, as were most of those we've witnessed since World War II, manufacturing bounces back quickly; in this long recession the rate of "manufacturing bounce-back" will reflect the pace and duration of economic recovery as a whole. We must be cautious of rapid overheating if it leads us into another cycle of that miserable, former enemy number one, rampant inflation.

In this long, severe recession, the total loss in manufacturing jobs has been about 3 million, down from 21.1 million in July of 1979 to 18.1 million in December of 1982, or about a 14.2 percent decrease.

This is a real hardship decrease. What will happen to workers -- employed and unemployed -- as the country recovers depends on some policy decisions at the federal level and at the corporate, union, and individual levels.

Let me begin with the federal level. The federal government has two major "demand management" tools it can use to help the economy to grow rapidly without inducing an increase in the rate of inflation: monetary policy and fiscal policy.

The two economic booms of the 1970s were caused largely by highly expansive monetary policies. From 1971 to 1973, and from late 1975 to late 1979, the economy grew at an average rate of over 5 percent per year. But we paid a terrible price in terms of an unacceptably high rate of inflation.

The 1980s have been characterized by a less expansive monetary policy, one designed to reduce inflation. average growth rates for the mid-1980s are, therefore, projected to be around 4 percent or less. The net effect of non-inflationary monetary policies has been less growth, less inflation, and higher unemployment.

Obviously, these are not structural problems of industry but rather a reflection of governmental policy decisions.

For growth to occur without the penalty of high interest rates, we need a more accommodating federal monetary policy, such as we now have, and a less expansive fiscal policy, which means better control of government deficits. If we are to have reduced interest rates, which will lead to economic growth, which will in turn lead to renewed health in our basic industries and increased employment opportunities, we must get the current and projected federal deficits down. It is the most important item on the nation's economic agenda.

A second major factor in economic recovery has to do with what economists call "wage rigidity." In Japan, wages are relatively flexible. They are geared to corporate profits, going up when profits are up, down when profits are down. In America, wages are rigid. Our wage demands tend to be based either on prior wages or prior inflation. Understandably, employees seek to maintain a constant or improved purchasing power, regardless of the state of the economy. But when demand for products and services declines, wages generally do not. Employers, seeking to hold the line on costs, look for options which are less costly than labor. That may mean automation. That may include a reduction in force, either temporary or permanent.

Recent high unemployment and recession have caused fairly widespread re-examination and renegotiation of contract wage levels in

numerous industries, but our system for wage determination remains highly structured and relatively slow to respond. Meanwhile, our international competitive position can deteriorate quickly.

In this interdependent world, we have seen the impact of lower and more flexible foreign wage structures as a major reason for America's loss of competitiveness, but it is not the only factor. The American dollar is greatly overvalued in relation to other currencies. This is a result of our comparative political stability and the attraction for imports and investments created by our huge economic base. Since late 1980 the dollar has appreciated to a level about 15 percent above its 1972 level. Most experts feel that the dollar has been overvalued by about 25 percent over the last two years.

This makes American exports less competitive on the world market and encourages import penetration of our domestic markets. Consequently, as Detroit attempts to reduce the price of American cars by about $1,500 by down-sizing or through worker "givebacks" in salary and benefits, the Japanese, who would be very competitive anyway, come in with a 25 percent discount directly attributable to the overvaluation of the dollar vis-a-vis the yen. Moreover, this disadvantage reduces the incentive to invest in the affected industries. More than anything else, such postponed investment has the potential to create structural stagnation in industries. Truly, we are living in an international marketplace and must behave as if we are. This is a hard concept for many Americans who are historically insular.

We must remember that in the years following World War II the United States produced more than half of the world's steel. Today, we produce about 13 percent. Industries like automobiles, textiles, and footwear have suffered similar declines. Even our share of the world telecommunications market has shrunk from 60 percent to 20 percent in the past 10 years. We must be alert to the challenges to our emerging high-tech industries lest they lose out in the international marketplace.

In 1960 only one out of ten cars bought in this country was imported. Today the figure is close to one out of four. In California, more than half the cars on the road today are imports. In 1975, Japan had only 3 percent of the machine tool market in this country. Today, they have more than 50 percent. Ten years ago the Japanese were not even in the semiconductor field. Today, they are the world's largest producers of 16K memory chips.

It is not just industries that have suffered. Cities, states, and whole regions of the country have gone through some very difficult

times as a result of shifts in economic patterns. Akron, Ohio, used to boast that it was "Tire Maker to the World." Today, there is not a single tire made in Akron. Steel mills from Pennsylvania to Alabama are closing down. Auto plants have shut their doors, some never to reopen. Geographically, we have seen a shift of economic activity and jobs from the "snow belt" states of the Northeast and upper Midwest to the "sun belt" states of the South, the Southwest, the Pacific, and Rocky Mountain West.

Cities like Orlando, Dallas, Phoenix, San Diego, and Denver have boomed. Cities like Philadelphia, Cleveland, Detroit, and Pittsburgh have languished. Even New York City, the nation's largest, most vibrant metropolis, has lost nearly 600,000 manufacturing jobs since the late 1940s. In work force terms, the last 25 to 30 years have seen blue collar workers decline from nearly half the work force to only about 27 percent today.

The seriousness of the situation in one aspect of the international trade arena was made apparent recently in the *Wall Street Journal*, which said in part:

> *Because of the developing countries' cash problems and because the strong U.S. dollar makes U.S. goods more expensive abroad, this country's total exports have fallen. After years of steady increases, they declined last year to $211 billion, 9.2 percent below the 1981 total.*
>
> *Many economists now fear that the sagging export trade will exert a serious drag on the U.S. economic recovery. Martin Feldstein, the chairman of the President's Council of Economic Advisers, estimates that with one out of every six U.S. jobs dependent upon exports, the drop in foreign sales could crimp the economy's growth by a full percentage point or more this year -- and possibly into 1984 as well.*

To begin to remedy this devastating situation in international trade, the federal government should, at the very least, pay more attention to this country's international competitiveness as it sets fiscal and monetary policies. America clearly participates in a global economy in which the domestic money supply cannot be the only consideration. Second, there may be appropriate points for strong intervention in the exchange rate market to correct inappropriate currency valuations. Third, we should all stop to reconsider the adversarial

interrelationships among government, business, and labor in light of our foreign competition. I'm convinced that national planning, as typified by the "industrial policy" of Japan, will not work. But we can rethink some of our antitrust handicaps and our self-inflicted barriers to export ability. Basic research might, for example, be undertaken on a cooperative basis, free of some of the outdated antitrust limits we now impose. Active encouragement of the Export Trading Company vehicle should be stressed.

The problem of long-term demographics, which centers on the new workers and re-entrants, may be self-correcting as we reach the 1990s.

The labor force is finite, after all, and the impact of the earlier baby boom will taper off during the mid-1980s, resulting in fewer new entrants. However, we can expect women to continue to enter and re-enter the labor force in large numbers. In 1968, 41.6 percent of American women worked; in 1982, that number was 52.6 percent. We can expect the percentage of women in the labor force to approach that of men, or about 77 percent. And, as conditions improve, we can expect some percentage of those 1.6 million discouraged workers not now counted in the unemployment statistics also to attempt to find jobs. Many are out there in the underground economy.

At the federal, state, and local levels, we can try a variety of ideas, among them joint government and private sector ventures for retraining, greater assistance for vocational education, and a nationwide job directory. We can and should seek to increase the literacy of our population, especially in the fields of computers, health, mathmatics, and science.

In the United States of 1983, 20 percent of Americans are unable to read, write, or calculate at a high enough level to get and hold a job in the contemporary market and are, in effect, functionally illiterate. Some estimate that even when economic recovery comes fully on stream, at least 8 million people will remain out of work later in this decade, half of whom could find work with modernized skills.

The Bureau of Labor Statistics projects that the demand for scientists and engineers will increase by 40 percent between 1978 and 1990. In the mathematical and physical life sciences, 180,000 new jobs will be available, while about 480,000 will be created in the computer professions and 250,000 in engineering. We also need nurses, paralegals, and energy technicians.

Yet in the period 1972-1980, about one-half of the 15.6 million new jobs were for professional and technical workers (4.2 million) and clerical workers (3.9 million). Managers and administrators in-

creased by 2.4 million craft workers by 1.7 million. There will still be places for those of us not most adept at math and science.

The extent and quality of education in mathematics and the sciences are matters of national concern. This situation is aggravated by shortages of qualified teachers in elementary, secondary, and high school levels and of engineering faculty in universities and colleges. Government, academia, and the manufacturing sectors should encourage the highest quality of teaching of scientific and technological subjects at the pre-college level and promote higher education in the sciences and in engineering. A start can be seen in the Emergency Mathematics and Sciences Education Act now pending in Congress.

On the retraining front, the private sector must take the lead in establishing and managing programs and in defining the kinds of job skills that will be needed. Without such leadership, we will develop a continuing series of programs that train people for non-existent jobs or for public service jobs with little or no future. A range of incentives should be established for the private sector to participate in such programs, and disincentives should be rigorously identified and eliminated. Particular emphasis should be placed on training people for small-business positions. While small businesses account for about half of private sector employment and can usually place people within their own neighborhoods, it is especially difficult for such firms to train people.

Training programs are essential. Yet, while they assist people in finding jobs more quickly, they do *not* create jobs. Jobs are created when the economy grows. In the interim, federal job programs, such as those designed to repair infrastructure, can be of some assistance. But they should be seen only as interim steps on the road to recovery.

How many new jobs will be created? Where in the country will they be? What industries will prosper? How will people be retrained and by whom? These are the kinds of questions with which we struggle. America, indeed, is at a turning point. We can work together not only to improve the quality of life for each of us, but to help relieve the despair evident in many parts of America's heartland. To do so, we must keep our focus on the causes of our problems: continued recession, demographic change, inappropriately high valuation of the dollar versus other currencies, and to some degree, a population with skills and attitudes out of sync with today's economic realities. We can no longer afford such mismatches.□

MAJOR FORCES OF ECONOMIC CHANGE IN THE EIGHTIES

Egils Milbergs
Director, Office of Productivity,
Technology, and Innovation,
U.S. Department of Commerce

What is our economy going to look like in the next 10 years? Since the Office of Productivity, Technology, and Innovation was formed in September 1981, it has devoted much of its energy and effort to finding the answer to this question. Our charter, however, calls for more than research and forecasting. The central mission of the office is the development of public policies for stimulating economic growth, technological advancement, and international competitiveness. It carries out this mission by providing catalytic support in the form of information, technical assistance, education, and incentives to improve the efficiency of the marketplace.

It is abundantly clear to us that our economy is in a major transition. Three major forces will drive this transition in the 1980's:

- The worldwide technology explosion,
- Industrialized targeting strategies, and
- The demographics of the work force.

The Technology Explosion

Every day, new technology provides a new stimulus to some field of science or business. In such areas as microelectronics, robotics, information sciences, biogenetics, and new materials, scientists, technologists and business executives are creating the foundation for new economic growth in this decade. These and other technological advances also offer great potential for modernizing our basic industries.

There will be four impacts of high technology on our economy. First, capital investments will become obsolete before their useful lives are over. For a long time, it was typical for business executives to try to keep plants and equipment operating as long as possible.

Given the kind of foreign competitive environment that currently exists, it is no longer possible for us to achieve desired levels of productivity in many of our existing plants. Let me offer an example from personal experience. Two or three years ago, I paid approximately $200 for a little Hewlett-Packard pocket calculator, a very sophisticated electronic device. Today, because of limitations of its memory and other functions, this is an obsolete piece of equipment. In effect, if I want to keep up to date, I've got to throw this device away despite the fact that it probably still has another 20 or 30 years of life. If we multiply this example many times, we can see that we are going to be writing off billions and billions of dollars of equipment over this coming decade.

Second, the new technology will make managerial and technical skills obsolete much more rapidly. Management will need to update its skills constantly and understand the impact of these new technologies. This will mean retraining -- a constant transition in the labor force.

Third, both product and industry life cycles will be shortened. We will see many products developing, rising to a mature peak, and then declining. Industries will follow much the same cycle. On a world scale, the automobile cycle obviously has reached a mature stage. Instead of seeing 40- or 50-year cycles in industries, we may see 10-year cycles and possibly five-year cycles.

Fourth, public policies will become obsolete more rapidly. Consider what is happening in the banking and the financial industry. Savings and loan associations and brokerage firms are entering the banking business. Sears, Roebuck & Company might become the biggest bank in the United States. The half-dozen or so financial regulatory institutions are not adequate for the job. Our unemployment insurance system is designed for a cyclical economy in which businesses lay off people periodically and then hire them back. This system, which solely focuses on income maintenance, doesn't appear to be adequate to respond to structural changes and permanent loss of jobs.

We have two economies today, one that is very capital intensive, technologically obsolete, and low in asset turnover. It is overcapacity in terms of supply-and-demand relationships in the world. At the same time, some sectors of our economy have reported record sales, record earnings, and record hirings for the past two years. This indicates there is a tremendous dynamic structural change going on within the economy. The net effect of this is going to be positive from

the standpoint of improving productivity, creating jobs, increasing our exports, and improving our quality of life. But it needs to be managed; it needs to be understood.

Industrial Targeting Strategies

We can expect continued, severe dislocation because some of our foreign competitors tend to select specific markets and try to dominate them. We've already lost significant markets to foreign producers of steel, autos, machine tools, and consumer electronics. In major high-technology fields, we're experiencing some erosion of markets.

The United States no longer has a monopoly on technology. Fifteen years ago, 70 percent of the world's technology was developed here in the United States. Today, our share is about 50 percent, and this might decline to 30 percent by 1990. This is not because the United States is investing less in R&D or technology. Rather, it is because the rest of the world recognizes the importance of this technology, and some nations are organizing deliberate, sectorial targeting strategies to exploit this kind of technology for their own benefit and at our expense. New technology will be emerging almost anywhere in the world.

Industrial targeting strategies are not a function of cheap labor costs. Contrary to what most Americans think, the great Japanese marketing successes cannot be attributed to cheap labor. Actually, these strategies rely on the astute use of a learning curve, sometimes called an experience curve. This technique is based on the premise that as market volume doubles, unit costs will drop about 20 percent. Industrial targeting strategies work best in high-volume commodity markets where economies of scale can be achieved. The nation that can increase its markets most rapidly is the nation that will go down a learning curve faster than its competitors. It will eventually dominate a market share by having the least-cost position. Japan, for example, gives up short-term profitability for the strategic goal of long-term market share by concentrating on manufacturing innovations. So Japanese corporations will select such target markets as machine tools, 64-K RAM chips (Random Access Memory Chips), steel, or automobiles. They will price these products very aggressively. The Japanese call this forward pricing. We call it dumping. It is, in effect, pricing by anticipation -- not at current costs but at anticipated future costs. It's a very smart strategy because it allows them to expand the markets very rapidly and get down the learning curves. This is how they captured nearly 70 percent of the market in 64-K

RAM chips market. U.S. manufacturers are struggling to compete in the memory chip business because essentially their cash flow is inadequate, and in terms of the learning curve, they do not appear competitive with Japan. Cheap labor is certainly a factor, but the major factor is an overall strategy that is intimately supported by the Japanese government. That country's liberal antitrust laws allow companies to combine and close off foreign access to their markets. Thus, they have the benefit of starting their initial marketing within their own market. Other public policies help keep the cost of capital low, facilitate exporting, and foster banking relationships that allow higher debt-to-equity ratios.

I do not believe that this Japanese experience is necessarily a model for the United States. The cost of an industrial targeting strategy is very severe. First, the marketing strategies could be wrong. Business could pick the wrong sectors; Japan is now facing severe debt write-offs because of excess capacity in steel, autos, petrochemicals, pulp, and aluminum, for example. The Japanese economy is going through its own vexing structural transition. Lifetime employment might be a seriously threatened concept in Japan. Second, the fact that you can target a particular sector puts you in the capital-allocation process, and that means that you take away capital from other sectors. Some sectors of the Japanese economy are highly productive. Their performance is very impressive in both absolute and relative terms. However, other sectors are depressed. By depriving less-favored market segments of capital, the Japanese have paid a price for their successes in industrial targeting. Finally, to plan and carry out these strategies, governments need bright and talented people with wisdom and insight. I'm not sure that the American public is willing to put the decision of who is going to win and who is going to lose in the coming decade in the corridors of Washington.

Nevertheless, there are important barriers that we can remove to allow the United States to maintain technological leadership. For one thing, we need to change our antitrust laws, for they are anticompetitive in today's environment. We're in a world market today, not in a domestic market. Antitrust laws should be modified to permit industries to carry on joint research and development work to develop the technologies of the future. We currently have legal as well as perceptual barriers that keep the private sector from collaborating to develop these very important new technologies. General Motors probably has about 65 percent of the domestic market, but it may have only 17 percent of the world market. If we began to consider the

function of our antitrust laws in a world market and to acknowledge that our companies are competing not only against Japan, but against the European Economic Community and, in some cases, against the governments this alliance represents, it would be evident that we need some fundamental reform in these laws.

Demographics of the Labor Force

A sharp slowdown in the growth of the domestic labor force when combined with rising competition from developing countries and worldwide diffusion of technologies will completely restructure the skill requirements of our labor force. Human resources will be a critical asset as we increase our level of competitiveness. All other nations will have capital, technology, and physical resources, or they will have access to them. The key then to competing successfully is to gain a comparative advantage by careful use of human resources. To gain such an advantage, we need strong management and a strong labor force with the skills and competence to improve productivity and take advantage of new technological opportunities. At the Commerce Department, our focus up until now has been on basic science and mathematics competency. However, we are expanding our scope of concern. We stress the need for increasing the quality of engineers and computer scientists and encourage efforts to bring more competent people into these professions so that we can have a sufficient cadre of trained people to develop new opportunities.

We also emphasize the need to help workers modify or augment their skills in ways that will permit them to move from one job to another, or from one industry to another, during this decade of economic transition.□

THREE

LABOR-MANAGEMENT MODELS:

Dealing with the Needs of the Dislocated Worker

INTRODUCTION

"We often find that the displaced worker dies professionally the day we tell him he doesn't have a job anymore."

This is James Ross's impression of the emotional effect of permanent layoff on veteran employees of Bethlehem Steel Corporation. Recognizing the prevalence of such severe impacts, Bethlehem provides special assistance to help displaced steelworkers cope with post-termination trauma in its Career Continuation Center. This chapter describes this center and other initiatives undertaken recently by individual companies and union organizations to assist dislocated workers.

By the spring of 1983, according to Michael Arnold, executive director of the AFL-CIO's Human Resources Development Institute, the institute had conducted workshops in 55 separate locations that were attended by almost 6,000 workers. "We plan to assist AFL-CIO unions, state and local central bodies, and local unions around the country in working with the governors and the service-delivery areas under the Job Training Partnership Act in planning and implementing programs for dislocated workers," Arnold told the National Conference on the Dislocated Worker.

Edward J. Carlough, describes retraining and travel allowances provided by an agreement between the Sheet Metal Workers International Association and contractors. These measures help workers adjust to change in the historically dynamic construction industry.

Melva Meacham discusses key services offered displaced workers in Illinois by the Illinois AFL-CIO Manpower Assistance Program.

Like Bethlehem's steelworkers, veteran rubber workers of the Goodyear Corporation have been thrust into a job market in which there is no readily apparent demand for the skills they developed in many years as tire builders. After experiencing a negative community reaction when it closed a plant in Chicago, Goodyear re-examined its plant closing procedures and provided a better transition for workers dismissed in subsequent shutdowns. J. Daniel Lyons describes this learning process.□

THE GOODYEAR EXPERIENCE:

Evolution of a Plant Closing Procedure

Dr. J. Daniel Lyons
Director of Training,
Goodyear Tire and Rubber Company

Fortunately, Goodyear Tire and Rubber Company, like most American industries, had few total plant closings before the late 1970s. But there is an overcapacity in tire production facilities in this country. In the past five years, nine companies have closed 21 plants with the loss of 21,000 hourly jobs.

In 1968, loss of a government contract forced us to close a tank-track plant in Muncie, Indiana, which affected 144 employees. In late 1978, it was necessary to close a tread rubber plant in Chehalis, Washington, when Goodyear decided to cease manufacturing tread rubber.

Our first major closure occurred in February 1979 at a hose product plant in North Chicago that had employed 507. The plant was not competitive and, consequently, production was moved to a new facility in Norfolk, Nebraska. The hourly employees, as was the case in Muncie and Chehalis, were represented by the United Rubber Workers. Although we gave six months notice prior to closure and believed that we provided good closing benefits, there was a negative community reaction and unfavorable publicity that we had not expected. We were learning.

It became apparent in 1979 that it would be necessary to close two bias-ply tire plants because of market preference for radial tires and the competition from imported tires. The company decided to close its Los Angeles plant and one in Conshohocken, Pennsylvania, operated by Lee Tire Company, a Goodyear subsidiary. Both of these were old, multiple-floor plants, not suited for conversion to accommodate the larger equipment and more floor space which radial tire production requires. There were 200 salaried employees and 600 hourly employees in Conshohocken. In Los Angeles, where 519 hourly and salaried employees had already been laid off, there were 442 active

hourly employees and 163 salaried employees. Thus, the two closings affected approximately 2,000 employees.

As we did in Chicago, we made an extensive effort to transfer as many professional and managerial employees as we could to other company locations. We were successful in transferring 26 from both locations; another 23 were unable to relocate. The company developed a liberal plant-closing policy for salaried employees, including unemployment benefits, lump sum special allowances, extended basic and major medical coverage for up to two years, life insurance and other benefits for up to two years, and reduced early retirement eligibility requirements. Benefits for hourly employees were governed by their respective labor agreements. To ease the trauma of job loss, we engaged an outside consultant specializing in group outplacement and career-continuation counseling.

Our efforts were guided by what we perceived to be advantages to both the employees and the company. We sought to help individuals select job targets that would utilize their skills and interests and that would be transferable to the current job market. It is important to note that some of these employees had been tire builders for 25 years, and it was difficult to identify skills that they could use in other activities. We determined that we would train individuals to investigate and locate unadvertised job openings, in the so-called hidden job market. We would provide reference and referral information at central locations. Lastly, we would teach individuals to prepare a clear, communicative resume, to improve their interviewing skills, and, in general, to expedite a successful job finding process.

Our efforts would also be beneficial to the company. They would provide a clear indication of our concern and commitment to all our employees and would help preserve good will and our image in the affected communities. Cost benefits would include maintenance of satisfactory productivity during the extended shutdown or phasedown and reduction of separation costs and unemployment experience ratings.

Brief histories of the two plants will help clarify the needs of the employees and the nature of our re-employment strategies. Lee Tire, founded in 1909 in Conshohocken, a suburb of Philadelphia, was a family-owned business for 50 years. The Lee family lost controlling interest in the company in the 1960s, and the plant was struck in 1963 after contract negotiations. The employees were subsequently terminated with essentially no compensation: no benefits, no pensions, no hospitalization, no life insurance. The plant remained closed until

mid-1965 when Goodyear, at the urging of former employees and local officials, purchased the facility, hired nearly 200 former employees, and operated it for 15 years without a single layoff until the permanent closing in 1980. The hourly employees were represented by the United Rubber Workers; salaried employees were non-union.

The Los Angeles plant was opened by Goodyear in 1919. In the late 1970s, certain product lines were phased out and, in some cases, relocated in more modern and efficient plants. As a result of this declining production, more than 500 employees, hourly and salaried, had been laid off when the plant closure was announced.

The outplacement process, our first experience at such a program, began at both locations in October 1979 and was completed six weeks after the plants were closed in February 1980. Individual counseling was available beyond that time. The proposed outplacement program was reviewed with corporate and local management and the United Rubber Workers Union. Although this was a company-sponsored program, the union gave its wholehearted support and cooperation. Employees and spouses were invited to presentations of the program at both locations. Some remodeling was required at both plants to provide pleasant and functional settings for counseling and job research.

About 70 percent of the salaried employees and 55 percent of the hourly employees at both locations participated. The outplacement program was voluntary and conducted separately for hourly and salaried employees, since their needs and job interests were different. The structured program had three major components: first, a job strategy seminar in two, three-hour sessions; second, a three-hour resume-writing clinic; and, third, a three-hour job-interviewing seminar.

The job strategy seminar helped the employees determine their skills, interests, and the type of work they wanted to seek. Initially, the sessions were designed to motivate the employees to approach the closure as a potential opportunity to seek better jobs and jobs related to their interests. In open discussions with their peers, many employees realized for the very first time that they had other skills to market and that they could approach the interviews positively and with confidence.

In the three-hour resume-writing clinic, each person prepared a resume, using a basic format provided by instructors. This phase of the program required much individual attention, since few of these people, particularly hourly employees, had ever written a resume. The final resumes were then professionally typed and printed at company expense. In the job interviewing seminar, employees were

shown how to prepare for an interview and how to conduct themselves during it. Employees seemed to gain confidence and poise after practice interviews were conducted, videotaped, and critiqued by the peer group. Individual counseling sessions held on all three shifts, around the clock, focused on personal marketing plans, job market research, job search, and personal problems.

As the final phase of the program, job fairs were held at nearby hotels. We invited major companies in the Philadelphia and Los Angeles areas to participate. In an evening session, participating employers presented a five-minute overview of their operations and employee requirements. Employees had the opportunity to learn more about the participating companies on an informal basis and, if there were mutual interest, to schedule interviews for the next day. A large grid board was designed, listing the employers on one axis and the job categories in which they were interested on the other. Despite extensive resume-writing exercises, some workers continued to resist writing them. Anticipating this, we staffed a booth with several job counselors, a fast typist, and an experienced writer who could interview workers on the spot and prepare a sample resume for their use. After interviews the following day, some job offers were made on the spot. In other cases, further interviews were scheduled. Both our employees and the employers appreciated the job fairs.

In late 1980, we surveyed 1,200 former employees affected by the three major plant closures -- the one in North Chicago, where we had not had an outplacement program, and those in Los Angeles and Conshohocken. A total of 346 questionnaires, approximately 30 percent, were completed and returned. The North Chicago response was 27 percent, Conshohocken 34 percent, and Los Angeles 39 percent. Distribution between responses from hourly and salaried employees was about 64 percent to 36 percent, which is in line with the population. The purpose of the survey was to determine the extent to which the career-continuation counseling and job fairs (1) reduced the period of unemployment, (2) assisted employees in finding satisfying jobs with minimal loss of income, and (3) reduced the employees' anger and resentment. We also wanted to demonstrate the company's concern for them and their families.

To determine the degree to which the career-continuation program contributed to meeting these objectives, we made two comparisons. We compared the responses of the employees at North Chicago, where no outplacement assistance was provided, with the responses of the employees at Los Angeles and Conshohocken, where

the assistance had been offered. We also compared responses of those Los Angeles and Conshohocken employees who attended any or all of the outplacement sessions with those who did not attend. The questionnaires asked the employees to evaluate the components of the program and to indicate which sessions they felt were of most value.

The survey response suggests that the career counseling was not particularly effective in reducing the period of unemployment. Other factors, however, affected the rate of re-employment in Los Angeles and Conshohocken, as compared with North Chicago. One of these was the availability of jobs. North Chicago closed a year earlier when the general economy and employment market were stronger. Eligibility for retirement was another factor. Employees eligible for retirement consistently delayed retirement until their unemployment benefits had expired. Sixty-nine percent of the Los Angeles employees who responded were eligible for early retirement at the time of the plant closing, compared to only 34 percent at North Chicago and only 21 percent at Conshohocken. Willingness to relocate also varied from one plant to another. There was a high degree of correlation between eligibility for assistance under the Trade Readjustment Act and the length of time respondents remained unemployed. Only 8 percent of those who had been eligible for TRA assistance found jobs in less than two months. Of those individuals who remained unemployed for up to 10 months, 39 percent had been eligible for TRA assistance. Only 8 percent of the North Chicago employees were eligible for TRA assistance. In Los Angeles 80 percent were eligible, and in Conshohocken, 91 percent. Thus, the extra sense of urgency apparently felt by the North Chicago employees may well have overshadowed the effects of counseling at the other plants.

In terms of meeting the second objective -- assisting the employees in finding satisfactory jobs with sufficient income -- the survey showed that results were more favorable. A significantly larger percentage of employees at Los Angeles and Conshohocken said the work they found was either very satisfying or somewhat satisfying. The most significant result of the outplacement program was how it affected employees' perception of the company. Survey respondents at the Los Angeles and Conshohocken plants had a higher perception of the company's concern than did their counterparts at North Chicago.

Fifty-four percent of the responding employees from Los Angeles and Conshohocken said the counseling program was of little or no benefit to them; 63 percent said they felt no better prepared to find a job after attending the program. One can look at this as somewhat of a

program failure. On the positive side, however, 46 percent did find the program of value and 37 percent felt better prepared to re-enter the job market. The responses also indicated that the exercises designed to help employees identify job skills and expand opportunities were probably not effective for the majority of employees. The resume, however, was used by a majority of the employees in their job search.

A large percentage viewed the communication exercises as helpful. The majority believed that the person who had the best job-finding skills might get a job in preference to a better qualified person.

Referrals by friends, relatives, and other contacts were rated most helpful in finding jobs. Want ads were useful to both groups. Mass mailings and letters directed to specific companies were apparently of limited value. Seventy percent of those who attended a job fair had at least one interview, and approximately half of the attendees had three or more. One out of three interviewed employees received job offers; 36 percent of those accepted the position.

We all recognize that this type of program does not address the more fundamental issues of retraining and job creation. Should we be faced with a plant closure in the future, we would most probably carry out a similar program, but we would also, at a minimum, enlist the assistance of the local private industry council to attack the more basic issues of retraining and job generation, as appropriate.□

LIFE AFTER BETHLEHEM:

From De-traumatization to Re-employment

James F. Ross
Director, Career Continuation Center,
Bethlehem Steel Corporation

In the past 18 months, Bethlehem Steel Corporation has closed four shipyards and a steel plant in Los Angeles and displaced about 5,000 salaried workers from the payroll. When it became apparent that our company would need to terminate large numbers of workers through no fault of their own, I was asked to investigate ways of assisting these workers and their families. Bethlehem had not previously conducted outplacement programs. We knew, however, that it would be necessary to assist these workers, given the magnitude and significance of the problem.

We retained professional outplacement firms to provide a job-change workshop. An evaluation we made 90 days after the workshop showed that 55 percent of the people we terminated were re-employed. We also have tracked program participants by pay base because we were not only concerned with how many people were re-employed, but with how many people were re-employed at jobs paying more money. We would not have felt we were successful if all of our people went from $20- to $5-an-hour jobs. Even though we were highly gratified that 55 percent of the workers found employment, we were primarily concerned with the 45 percent who had not. We began to realize that although job-change workshops and outplacement are effective, they are only two small segments of a total program that must be put in place in order to effectively assist workers.

It is apparent, too, that regardless of the quality of the outplacement program, companies cannot force participation. In addition, we found that the effects of unemployment reach beyond the individual, dislocated worker. Unemployment is a family problem. Consequently, we greatly expanded our program so that it now involves a five-phase approach: program-plan development, trauma

counseling, job-change workshops, a follow-up support system, and training and retraining programs.

In developing the plan, we seek to involve both the union and the community and encourage departments within the company to propose alternative and innovative approaches to force reduction. Supervisors receive training designed to help them judge emotional responses of workers and thereby carry out terminations in the most sensitive way possible.

We find that there is a close correlation between the emotional responses of a dislocated worker and a worker who experiences divorce or a death in the family. Actually, we often find that the day an employee walks out of our office or plant for the last time, a part of that employee dies. We do a lot of "death counseling" to deal with the separation anxiety. Employees who lose their job through no fault of their own feel that they have no control over their destiny. They are not at a crossroads; they are at a major cloverleaf. They do not know where to go or what to do. With confusion comes anger. It is our role to channel that anger into something productive through a job campaign.

Meantime, however, we must help the employee cope with post-termination trauma. We've found that many employees don't want to go home and tell their spouses. So we offer them counseling about how to break the tragic news or, if necessary, send professionals along to assist them. We also provide a 24-hour-a-day, seven-day-a-week hotline through which employees can receive professional assistance. We find that 80 percent of the workers recover from the trauma of dismissal within a week to 10 days. If our staff identifies a need for long-term therapy, we make sure it is provided. We not only encourage but beg all family members to try to understand the major changes in the family's fortunes and to become intimately involved in the job campaign. Children and spouses can be a support system and a network to let us know when problems are occurring.

In the job campaign, we impress upon people that we don't want them to retire to unemployment, but to aspire to a second career. We tell them what is available to them and talk about "Life After Bethlehem." Once we've carried out the necessary detraumatization, we conduct job-change workshops. These workshops are designed to help the worker adjust to change, to improve his or her communication ability, and overcome liabilities. We staff our job-change workshops with marketing-oriented people, not psychology-oriented people. We try to give each individual the competitive edge. Contrary to the

belief of many managers at sophisticated outplacement programs, we believe that the blue-collar hourly worker needs a myriad of services, including help preparing a resume and job-seeking skills. In addition, we have found that the blue-collar worker takes greater advantage of the job-change workshop and receives a greater benefit than traditional, salaried workers or higher management people. We maintain two workshops, one for hourly workers and one for salaried.

Our follow-up support system consists of centers in Bethlehem, and Johnstown, Pennsylvania; Lackawanna, New York; and Baltimore, Maryland. These centers not only provide a resume service and job search assistance, but on-going counseling for interpersonal problems. We find that for some, the psychological problems do not evolve until after 90 or 120 days of unemployment. We also hold job fairs and provide computerized listings of area and national jobs.

Bethlehem Steel decided that it would be more efficient to retain outside professionals to provide these support services than to train employees. In locations where there were significant, permanent reductions in force, consultants have taken up residency in the community so they can live with the problems and become a visible element in the community.

There is still a missing element thus far in our program -- money to retrain people. Although Bethlehem's career continuation program has had favorable press, we are in the Guiness Book of Records for corporate losses. Consequently, we have asked the federal and state governments to provide money to retrain people and have received training funds from private industry councils.

Our retraining program is as an inverted pyramid containing a series of screens of finer and finer mesh. Eighty percent of the people we deal with do not need to be retrained because somewhere in the initial stages of the program they have found employment. Thus, we are able to screen 80 percent of the people out. We also have put into effect a very sophisticated system to properly select people for training. Once we have found those who are appropriate for retraining, we determine what type of retraining is best suited for them. Many times we've had to face the hard, cold necessity of telling somebody that he does not have the ability to be an IBM computer programmer. Seventy percent of those who have completed the programs have been re-employed. These screening procedures make our program different from those that offer training, regardless of aptitude.□

STABILIZATION IN THE SHEET METAL INDUSTRY

Edward J. Carlough
General President,
Sheet Metal Workers International Association

The vehicle used within the construction industry to aid temporarily dislocated workers and temporarily relocated workers is called SASMI. It is not the name of a Japanese breakfast cereal. Rather, it stands for the Stabilization Agreement of the Sheet Metal Industry. It has been in place since 1973 and is financed by a 3 percent contribution on gross payroll by employers.

SASMI has four components, each offering major benefits through a trust fund. The first is a wage supplement for underemployment. Let's use as an example City Y, where the average sheet metal worker works 700 hours from January 1 to June 30. Member X was available for full employment but, through no fault of his own, works only 600 hours. The trust fund pays him 100 hours of benefits multiplied by his wage rate. He is paid every six months by the fund while he is either unemployed or underemployed. When we started the program in 1973, the average payout for underemployment benefits in a six-month period was $900. The last six months' average payout to the sheet metal workers in the United States was slightly more than $3,000.

A second component of the program is a travel benefit. In the construction industry, there are times, when unemployment is relatively high in some cities. Pittsburgh is among them. In Montana 60 percent of our members are out of work. Yet in my own local union in New York City, we're fully employed. We are relocating fellow workers from other areas to New York. The SASMI trust fund pays up to $750 for expenses and transportation to members who move from one city to another when the employer in the destination city guarantees at least 60 days of work.

Third, the SASMI trust fund pays a "traveling" member's hospital and medical coverage for himself and his family to his home local union trust fund. Thus, he can leave Dayton, Ohio, for example, and go to San Jose, California, and not worry about lapses in coverage or eligibility. The trust fund also pays the health and welfare benefits for unemployed covered members of SASMI in their own hometown for 18 months if they have worked at least one hour during that period. It's difficult enough to be unemployed without also being hit with crippling hospital bills.

Finally, the members who are fortunate enough to work at least the average hours, and who don't draw up to 39 hours of the other benefits in any two-year period, are paid back at least 37 percent of the money that's placed in the trust fund on their behalf for a two-year period, plus a cost-of-living allowance adjusted for inflation. The most recent payout was 41 percent as an incentive payment for a person who worked steadily. In 1982 the trust fund also began to pay one-half the anticipated benefit to tide over those people at the mid-point who were underemployed.

A new problem arose early in 1983. A number of our long-term unemployed members were losing their homes, being evicted from their apartments, or losing their automobiles. (A car is a tool of the trade to a construction worker. There are not many jobs you can get if you don't have an automobile.) In February, 1983, the SASMI trust fund began to pay mortgage payments directly to the bank or financial institution for those workers being dislocated. It also pays directly to financial institutions holding automobile loans. These monthly payments are made during a worker's time of need.

SASMI also works in conjunction with our National Training Fund, which provides sites around the United States where unemployed union construction workers can learn welding and gain certification for Nuclear Regulatory Commission jobs. For the past two years, SASMI has paid travel allowances to these sites.

Training offered through the National Training Fund in a mobile welding center at Fort Wayne, Indiana, is a fine example of the way the entire program works. The unemployment rate in our Local 156 is 42 percent. We paid out-of-work members from Fort Wayne a travel allowance and $15 a day as an incentive from the SASMI trust to go to the National Training Fund welding trailer to upgrade their skills as craftsmen so that they would be in a better position to be employed when work resumed. Employed members who wanted to acquire this new skill received only transportation costs. Five members from Fort

Wayne completed the program and received NRC certification. They then used the $750 SASMI travel allowance to go to Hartford, Connecticut, where they joined 450 other union members on a nuclear power job. Because they began immediately to earn overtime pay, they are going to have to reimburse the trust fund for part of the advance payment given them. It is not going to bother them because they're fully employed.

We have another trust fund called the International Trust for Prepaid Legal Assistance. We have found that our out-of-work members, many of whom have never met a lawyer, have legal problems that they never dreamed they would have. For those locals covered under the SASMI trust and the International Trust for Prepaid Legal Assistance, the SASMI trust fund directly pays the premium to the International Trust to keep them eligible while they're underemployed.

Finally, we established the National Energy Management Institute. It is a joint labor-management program that trains people for jobs in energy auditing and the retrofitting of existing buildings. We graduated 733 journeymen and apprentices in December, 1982, in California. All together, we will conduct energy audits at 14,000 public school buildings in California. We're cooperating in this venture with the second largest financial institution in the state. In the state of Washington SASMI is paying the travel allowances and the expenses for out-of-work members who have been dramatically affected by the slowdown in the nuclear industry in that state. In schools set up by the energy institute with national training funds, these workers will learn energy auditing and the retrofitting of existing buildings.□

ILLINOIS OFFERS A PLANT CLOSING MODEL

Melva Meacham
Plant Closing Specialist,
Illinois AFL-CIO Manpower Assistance Program

Illinois provides services for workers dislocated by plant closings through the Illinois AFL-CIO Manpower Assistance Program. The program is funded by a special grant from the governor, which this year will amount to approximately $400,000. During the past year more than 4,000 took part in the program, which is not limited to union members. The program can serve as a model for other areas seeking to address the issue of dislocation. Michigan and Indiana operate similar programs.

The Manpower Assistance Program offers two key services that displaced workers need -- information and support. Once a plant closing is announced in Illinois, regardless of size, we go into the community and identify local resources; provide technical assistance to unions, companies, or other interested parties; and conduct Adjustment Systems Workshops.

The Adjustment Systems Workshops have been condensed into four-hour sessions. One cannot, in the relatively short time we have available, give someone a complete overview of job-seeking skills. But we hope to pique their interest in the essentials. We emphasize four areas in these workshops -- income maintenance programs, job-seeking skills, available social services, and financial counseling -- counseling that our bankers have been most helpful in conducting. Community resource representatives make the presentations. It is important that they be introduced to the dislocated workers at the outset because they form a kind of support system for the duration of their unemployment and, sometimes, for a while after they go back to work.

Within the limitations of the CETA system, we have been very successful in starting retraining programs throughout Illinois. Under the old CETA system, it was very difficult for us to retrain displaced

workers because they often didn't meet certain economic criteria. We were able to provide retraining services under Titles IIC or VII, if we could cajole, beg, or convince CETA prime sponsors to modify budgets, but that was difficult. With the new Job Training Partnership Act, we have our own title at long last, so displaced workers will be serviced.

We are working with local training institutions that are performing labor market analyses to find out what kinds of jobs we should be retraining people for. What we are really offering service deliverers is the opportunity to serve our people. We set up workshops and meetings, and people come because we are their trusted union, their organization.

Illinois decided to use its Job Training Partnership Title III funds to set up 15 mini-projects throughout the state, each modeled after the successful Downriver Community Conference in the Detroit area. Steps have already been taken to start some of these projects, an indication that a working partnership is beginning to form on the state level.

In Illinois we have a human contract with the dislocated workers. We are concerned about them as well as their families. The solution lies in pulling people and resources together to address the problem in a unified and sensitive manner.□

FOUR

FEDERAL RESOURCES:

Title III of the Job Training Partnership Act

INTRODUCTION

There is "life after Bethlehem" and "hope after Conshohocken" and a range of supportive services for under-employed sheet metal workers because Bethlehem Steel, Goodyear, and major contractors had the resources and sufficient concern for their employees and for their public image. The labor-management models described in Chapter Three may inspire other employers to offer similar innovations to employees they displace by disinvestment. In the meantime, some of the services Bethlehem and Goodyear offer are becoming increasingly prevalent as a result of federal funds provided through the Job Training Partnership Act. In this chapter an assistant secretary of labor, a public-policy analyst and a Senate subcommittee staff director analyze provisions of Title III, the section of the Job Training Partnership Act that establishes a state-administered program for dislocated wokers.□

A CALL FOR LOCALLY DESIGNED STRATEGIES

Joyce Kaiser
Associate Assistant Secretary
for Employment and Training,
U.S. Department of Labor

The problem of the dislocated worker is not unique to any single place in this country. Since the opening of the Downriver Community Conference program in Michigan in 1980, the Employment and Training Administration has been increasingly involved in the development of services for these individuals. In 1982 the Department of Labor funded six demonstration programs to test a variety of approaches. With the advent of Title III of the Job Training Partnership Act, there are now substantial funds available to address this problem. We hope our models and data gathering from other sources strengthen the ability of local communities and states to respond in a timely, effective, and sensitive manner.

The local community is the vital ingredient in our national success in addressing the issue of dislocation. Programs must be designed at the local level and tailored to meet needs unique to each community. Whether a community is trying to secure discretionary or regular funds, its representatives must decide what they are going to do and how they are going to do it. These program plans are then submitted to the governor's office. At that point the governor may decide whether the project will be funded by application for discretionary monies or regular Title III funds. The requirements for the discretionary funds are quite simple. Applicants must demonstrate that there is a need that cannot be met by the regular Title III funds that the governor is authorized to allocate. Although most proposals are expected to originate at the local level, the states, through their governor's office, can make the official application. In some states it may be the state government that elects to operate the program. In any case, a proposal should describe the program and its goals.

Title III affords tremendous flexibility. This permits local communities to take control and design services that are appropriate and necessary for their dislocated workers. Congress has committed $110 million in FY 1983. The continued growth and prosperity of the initiative is predicated on having communities assume the lead and initiate meaningful programs as quickly as possible.

Funding for programs under Title III is by no means the only beneficial provision of this law. We've got an excellent opportunity to tie programs together, probably for the first time. It is very clear to me that one of the true failures in our employment and training system thus far has been the lack of coordination and cooperation among the players. So I hope that not only Title III, but JTPA in its entirety can facilitate this kind of cooperation. We want states to consider the value of work sharing.

There are many other measures that can be used effectively with Title III. Ideally, they should all be used to provide maximum benefits to the dislocated worker as he moves to gain re-entry into the labor market.□

FREEDOM OF CHOICE FOR THE STATES

Kevin Balfe
Director of Policy and Evaluation,
National Alliance of Business

The problem of the dislocated worker has escalated since late 1981. The following figures illustrate my point. In comparing the unemployment statistics in 1979 with those of 1982, we find the number of unemployed teenagers remained constant at 1.6 million. However, the number of unemployed adults over the age of 25 rose from 3 million to 7 million. The number of unemployed blue collar workers rose from 2.5 million to 5.5 million. The number of persons unemployed for over six months rose from one-half million to 2.2 million, a fourfold increase.

These figures show that today's high unemployment rates reflect job cutbacks because of a decrease in production levels within the manufacturing sector. It is also clear that we face a serious unemployment problem among formerly employed adults.

Title III of the Job Training Partnership Act offers us an opportunity to address this problem. It started out as an underdog. Many perceived it as a token political gesture rather than a serious nationwide effort. Fortunately, there were those who had more foresight. In my view, Title III is serious, for it sets the stage for using the tools of the job training act to their fullest advantage, especially in terms of involving business and labor immediately. Title III, unlike other aspects of the law, begins implementation immediately. Business, labor, and government must put their heads together and determine what they are going to do with this new program.

Title III is not a guiding light; it is more like a blank sheet. It doesn't tell you how to solve your problems; it doesn't restrict you in the approach you take. Title III is new federalism in its newest and most radical form. It says to the states, "Here is the money. You

decide who is going to be served, what services will be provided, who will provide the services, and under what circumstances all of this will take place."

Title III provides for $350 million to be spent over a year and a half. This amount can be significant if it is targeted in areas where the need is greatest. The real question is not, "Is there enough money?" but, "Can this much money be spent wisely in so short a time?"

Title III should leverage other resources besides federal dollars if it is implemented properly. Many of the successful models in the United States are relatively low-cost programs that rely on leveraging resources and commitments from the community. In fact, Title III requires a funding match from non-federal sources. The funding match symbolizes the intent of this program to mobilize a broad-based community response to dislocation.

The law calls for at least 75 percent of Title III funds to be distributed by a formula based on state unemployment statistics. This formula money must be matched with non-federal funds. For most states, a dollar-per-dollar match is required, but for high unemployment states, the match requirement is less. The exact matching requirement is determined by yet another formula. Basically, the effect is that the higher your state unemployment rate, the less your matching requirement, at least beyond a certain point. It will mean that states with very high unemployment, such as West Virginia, Michigan, or Pennsylvania, will have few, if any, matching requirements. Department of Labor regulations allow governors to determine what types of contributions can be counted as matching funds. Some governors, for example, might determine that in-kind contributions are eligible. Others might allow payments employers make on their on-the-job training programs to be counted. The nature of the match is not federally dictated.

Up to 25 percent of Title III funds are to be distributed at the discretion of the secretary of labor with no match required, but applicants must submit a grant application outlining what they want to do. The department will award the grants on a competitive basis.

A major question about this program, or any other, is "Who can be served?" Basically, the law requires that an individual must have been terminated, received notice of termination from employment, or be classified as long-term unemployed. Title III does not define "long-term unemployed." However, to be eligible for benefits, a person must be facing a situation in which he or she is unlikely to find permanent

employment in a similar occupation or industry. Those criteria are fairly broad; thus, states are given wide discretion in determining who can be eligible for these services.

There is a danger in this broad definition, for the money could be spread very thin. For example, a very easy but ineffective way to implement Title III would be to give a nickel or dime's worth of counseling and so-called training services to nearly everyone who comes to the unemployment insurance center. Certainly, not every person who comes through the unemployment insurance line is a dislocated worker. Not every person who has been unemployed for a long time is a dislocated worker. Not even every victim of a plant closing is a dislocated worker. If a 19-year-old gets a job, works for three weeks, and then loses his job because the plant closes, is he a dislocated worker? It is a difficult issue, which is one possible reason why the federal government has passed this buck to the states. It is an issue that will require judgment and a little political courage. Its resolution will have a major bearing on the success of the program.

What services can be provided to the dislocated worker? Broadly speaking, the law allows almost anything that would help re-employ dislocated workers through training and related services, "which may include but are not limited to...." This key phrase is followed by a long list of eligible services. This may remind us of the fine print in an insurance policy or loan, but this time the fine print works for the customer. If I could paraphrase the law, I would say that it authorizes a wide range of services, including training, counseling, job search assistance, social services, pre-layoff assistance before the plant actually closes, and, under certain circumstances, relocation assistance.

There is, however, a complicated question about cost limitations. Title III, like the rest of the act, contains certain requirements about how much must be spent on training, and there are restrictions about how much can be spent on support services and administration. Basically, the law requires that 70 percent of Title III formula funds be spent on training-related services. But it is not really that simple. The requirements do not apply to the Title III discretionary grants. They apply only to the Title III formula grants.

The law also states that cost restrictions cannot apply to more than half of the total federal plus non-federal Title III funds. Basically, what it means is that 35 percent of all Title III funds, including the match, must be spent for training services as indicated by the law and regulations. This 35 percent figure holds true even for the situations where no match is required.

Another key question is: "Who will deliver the services?" There are no assumptions about who runs the program and who delivers the services. The state is free to choose whatever or whomever it wants to deliver a Title III program. This is an open agenda. But there are some coordination and consultation requirements involving private industry councils and labor unions. Title III recognizes the private industry council as a valuable source of information on local job opportunities and requires its assistance in identifying these opportunities.

Another requirement is that the PIC and chief elected officials of local governments be given 30 days to review any local Title III program and to make recommendations. By law, this does not apply to statewide or industry-wide programs, but it will apply to the more typical case of a plant closure, which will be considered a local program. In that instance, the PIC and local elected officials will have a 30-day review and comment period. The law also says that PICs can help identify dislocated workers. There is no strict requirement here, but clearly those who framed the legislation thought that the PIC would have information on the subject and could excercise good judgment in determining who would be eligible for Title III services.

The law also requires that any Title III program that serves a substantial number of members of a labor organization shall be established only after full consultation with that organization. This provision clearly recognizes the important function that labor unions can play when many of their members are involved in the dislocation and adjustment process.

There are two specific links between Title III and unemployment insurance. First, a state may satisfy half its matching requirements by providing unemployment insurance benefits to those enrolled in Title III programs. States required to provide $1 million in matching funds, for example, may reduce their match to $500,000 in this manner. This encourages states to continue paying unemployment claims to Title III enrollees. Second, former employees enrolled in Title III programs are considered to be in automatic compliance with the work test required for unemployment insurance claimants. Title III trainees, therefore, cannot be compelled to show that they have had 10 job interviews or submitted resumes to 15 prospective employers. In short, they aren't required to demonstrate compliance with whatever the state job-search requirements happen to be. This is significant because it represents a key step in making the unemployment insurance system and other employment training programs work together to retrain and re-employ dislocated workers. I think that those

who drafted the legislation recognized that if they were going to encourage states to providing Title III services to the unemployed, they couldn't throw stumbling blocks in the way of state officials who must carry out this responsibility.

Finally, let's examine the administrative requirements for Title III. Often, the problem with federally funded programs is not the design of the program itself, but the hoops you have to jump through and the red tape you have to cope with in order to get the money and to survive an audit. The Title III requirements on planning procedures, reporting procedures, and federal regulations will be very lean. Overall, Title III offers states the opportunity to be creative and flexible in providing useful and appropriate services to the dislocated worker.□

REFLECTIONS ON TITLE III

Robert Guttman
Counsel and Staff Director,
Subcommittee on Employment and Productivity,
U.S. Senate

Title III of the Job Training Partnership Act represents the greatest domestic increase for any non-entitlement program during the Reagan Administration's term. It has gone from a zero to a $110 million budget request. Early attention, however, was focused on Title II, which is the program for the economically disadvantaged. A range of constituencies sought to influence its language. In contrast, Title III language, as enacted, is remarkably close to the first draft. Many either opposed it or did not consider it a priority item.

At the hearings on the bill, the administration testified against a separate title for the dislocated worker. It was essentially in favor of permitting 5 percent of Title II monies to be used for the dislocated worker program similar to the upgrading and retraining authorized in Title IIC of CETA. This would have deprived the program of national funding and limited it as an issue to local decision making. This begged a very serious policy question that has been in manpower training debates since the beginning: What balance should be struck in the attention given to the economically disadvantaged and that given the experienced, dislocated worker? The Manpower Development Training Act basically started off as a dislocated worker program. When the coal industry was in decline, MDTA was seen as a vehicle for retraining miners to be sewing machine operators.

As we moved into the sixties, the focus of manpower programming moved to the economically disadvantaged. Throughout the development of the Comprehensive Employment Training Act, there was always a tension between those who wanted to provide funds for all of the unemployed, regardless of backgrounds, and those who advocated concentrating the program on the poor. Until amended in 1978, the

entire CETA program was essentially targeted at the poor. Consequently, a separate program for the dislocated worker would, many felt, take money away from the poor and, thus, weaken a national priority.

In the coalition supporting the Job Training Partnership Act, advocates of the disadvantaged worker and the dislocated worker held together on the funding-cycle issue. The law actually provides levels of funding for the economically disadvantaged; the funding for dislocated workers has been over and above that. It has not been a substitution for that funding.

The broad expectations for Title III are a matter for some concern. We have, in manpower training programs, a history of solutions that are acclaimed as wonderful. We funded them extremely rapidly, expecting results tomorrow, and then have been terribly disappointed when the program failed. I am very concerned that we do not do that with Title III. Whatever numbers you take for dislocated workers, there are more of them than are going to be served by this program for many a long year to come. But the appropriate level of funding does not have to do with the need for the program; it has to do with the capacity of state and local governments to manage it. This is a new kind of initiative. There are simply not many people who know how to run dislocated worker programs. It would be disastrous if the Congress would suddenly appropriate $1 billion, and a month later begin asking how many people had been enrolled and if the money had been spent. Six months later it would say that the programs were not effective and the dislocated worker was not being retrained for real jobs. Therefore, it is critical that we balance the success to date and make sure the program doesn't grow too rapidly.□

FIVE

SOME PRIVATE SECTOR APPROACHES TO DISLOCATION

INTRODUCTION

Kenneth McLennan, vice president and director of industrial studies of the Committee for Economic Development, speaks for most Americans when he describes the committee's concerns about maintaining the nation's industrial base and about helping workers readjust to economic change. He attributes these concerns to three causes:

> *First, we're concerned about the dislocated worker because of the very serious social costs that economic dislocation places on workers and their families. In our society, we believe that there should be some sharing of this cost among all participants, workers and nonworkers. Second, we're concerned about the social cost incurred if the dislocated worker is unfortunate enough to remain unemployed for long periods. Third, we're concerned, as all of us should be, about the dislocated worker simply for our own self-interest. Unless we do everything possible to encourage and assist in the re-employment of dislocated workers, all of us will fail to achieve the benefits of economic change.*
>
> *It's clear that adjustment to economic change does not take place because of a specific government program. Readjustment is a continuous process. It's taking place all the time in the private sector, and it's affected by decisions made by managers and labor leaders, as well as by decisions made as a result of government policy. The important force in this readjustment must come from the private sector, from management and labor.*

In this chapter representatives of both groups describe programs they have helped develop to meet the needs of their industries.□

BARGAINING FOR EMPLOYEE INVOLVEMENT

Elvin C. Hendricks
Coordinator of Special Projects
United Auto Workers, and Member, Governing Body,
UAW-Ford National Development Training Center

The rapid decline in the ranks of the United Auto Workers parallels the decline of sales in the American automobile industry. In 1978, the UAW represented 202,000 Ford Motor Company employees. With the closing of a plant in San Jose, California, we will have slightly more than 106,000 members working for Ford. This is just one side of the coin. More than 20,000 salaried workers also have lost their jobs.

In 1979, through the joint effort of the UAW and the Ford Motor Company, we started building what we referred to as the employee-involvement process. Employee-involvement programs, now in effect in more than 68 plants throughout the nation, built the base for our bargaining in 1982. We resolved not to do concession bargaining, but to bargain with our heads held high, facing the responsibility of assisting our laid-off and active members in a company that was in trouble.

Out of this bargaining process came the development and training program that offers counseling to the unemployed, help in job seeking, tuition payment, and other types of assistance. The program is coordinated by the UAW-Ford National Development and Training Center, which operates under the guidance of a board consisting of an equal number of union and company representives. We are jointly building this program -- not as the kind of short-term program that unions and companies usually offer -- but as a base for a far more enduring and extensive program.□

A Company and a Union Run a Program

Ernest J. Savoie
Director, Labor Relations and Employment Office
Ford Motor Company, and Member, Governing Body,
UAW-Ford National Development Training Center

The 1982 UAW-Ford negotiations produced many bargaining breakthroughs. Among them were new programs to address issues of greater competitiveness and job security and joint actions to promote other mutual interests. The UAW-Ford Employee Development and Training Program (EDTP) and the joint National Development and Training Center that it established are a major part of that agreement -- a pact the parties labeled a "Mutual Growth Agreement."

The joint training development program is unique in American industry. It offers both active and laid-off hourly employees wide-ranging opportunities to expand their career horizons, obtain vocational counseling and retraining, enhance their re-employability, and more fully realize their potential. It also provides support for the UAW-Ford national and local employee involvement process, which fosters employee problem-solving and work satisfaction activities under joint union and company steering committees. This review will discuss those parts of the program that deal with laid-off employees.

Because of the auto industry recession and resulting heavy layoffs, initial program priorities have been aimed at providing assistance to displaced employees, particularly those affected by plant closings. At the time of the 1982 negotiations, Ford's hourly work force had dropped nearly 50 percent from the 1979 peak of more than 200,000. Although about 50,000 of those laid off still had recall rights, many had little or no real prospect of being called back to their former jobs. Current predictions, moreover, are that the restructuring of the auto industry, which started in 1975, is not over. A sharp reduction worldwide in the number of major auto companies is projected by 1990, and there will be many changes in the way they operate.

In our society, employment (and re-employment) is generally regarded as the responsibility of individuals and the relevant governmental and support institutions. The private sector rarely has taken this obligation upon itself. Ford and the UAW, however, recognized that they are functioning in an industry where rapid structural change is creating new circumstances -- and new responsibilities. Both management and the union leadership felt they could contribute positively to the well-being of the company and the employees by working jointly to help solve the social problem caused by worker dislocation. Industry and collective bargaining obviously cannot do all of the job and cannot bear all of these social costs, particularly in maturing industries or in those buffeted by excessive change and by unrestrained or unfair competition. But Ford and the UAW chose to work together with only general guidelines to fashion a new, special effort to assist individuals and to contribute to the social compact on these matters.

The UAW-Ford program is still in its formative stages. Launched in August 1982, it is being built piece-by-piece, location-by-location. Virtually all laid-off employees with recall rights have some form of re-employment assistance available to them and, as of August 1983, nearly 7,000 individuals nationwide have taken advantage of one or more program features.

The 1982 UAW-Ford contract stipulates that for each hour worked five cents will go to the program. This is a substantial commitment of funds that could have been allocated in the negotiations for other purposes. This budget provides the necessary means for developing and obtaining high quality professional programs from local institutions and service providers.

The UAW-Ford National Development and Training Center has been established as a separate legal entity to coordinate the operation of the program. The center, incorporated on June 21, 1982, as a Michigan non-profit corporation, is directed and guided by a joint government body consisting of an equal number of company and UAW representatives.

Day-to-day operations of the center are managed by an executive director, with a small staff of professional and administrative support personnel, including four program associates, a career counseling and guidance associate, and a job development and placement associate. The function of this staff is to ensure that programs will be of high quality and delivered efficiently. The center's headquarters are at Henry Ford Community College in Dearborn, Michigan. This pro-

vides a direct linkage to the academic community -- an essential program ingredient.

The center concentrates on planning, design, and coordinative functions and provides on-site assistance to local managements and unions to help them design and implement local program applications. The center functions principally as a broker of services and relies on existing community educational and counseling resources, using their faculties and curriculums, to provide specific training and development programs. In this way, it is building a participative program delivery network linking local managements, local unions, and community resources throughout the country. The center also assists in identifying public-funding sources and integrating these, as appropriate, with those available through the negotiated joint fund.

The fact that both company and union representatives constitute the center's six-member joint governing body has helped build trust in the program. Joint administration has generated full participation locally and nationally and has helped maintain the program's momentum.

The first specific program the center offered was a tuition assistance plan for laid-off employees. It allows these individuals to select and pursue their own training. This plan provides prepaid tuition and fees of up to $1,000 per year for up to four years, depending on seniority. As of August 1983, approximately 2,600 people had selected the kind of education they wanted. Fifty-three percent of them have selected vocational education courses leading to two-year degrees at community colleges, with the majority choosing courses that should help them enter job markets where growth has been forecast.

The second retraining program consists of what we call Targeted Vocational Retraining Projects. These projects, which cost several thousand dollars per student, focus on job prospects in future growth areas, such as computer programming. These are custom-designed, carefully selected group-retraining programs conducted by local providers. They frequently are of a technical nature and often lead to certification of the participant in the vocational field he or she chooses. Besides an education component, they include a full range of screening, counseling, basic remediation, and motivational support services to improve participants' skills and prepare them for a job search. Before a project can begin, the national center staff must evaluate and approve a formal submission from the provider of training. This submission includes an outline of instruction and an analysis of the lab-

or market, job development and placement plans, and plans for career counseling. The center's staff then monitors the training and the outcome. Some 300 people are enrolled in these targeted projects.

Another component, Vocational Plans and Career Interest Surveys, is designed to help screen participants and match them with jobs. Developed by the center's staff, the surveys are tailored and administered locally. Pre-testing of 5,500 volunteers in 10 locations revealed that 85 percent of them wanted some type of career assessment.

Field testing is now underway for a Career Counseling and Guidance Program. Under this program, the values, interests, employability, and trainability of blue-collar workers are being assessed at five locations. Another program designed to improve participants' job search skills in career fields of their own choosing is being field tested in three locations. About 1,100 people have received career counseling and job skills services.

Employees learn about the center's services through general mailings and by specific, intensive outreach efforts. For example, approximately 2,300 laid-off employees in four locations attended Career Day Conferences sponsored by local joint committees and the National Training Center. Conference leaders explain the career guidance and training services offered by community providers and the financial assistance that is available through the joint program and through public funds. In-house workshops and on-site program orientations also have been conducted at 26 Ford locations to brief local committees on how to develop applications.

The center offers a complete package of special assistance for plant closings. As soon as advance notice of closing is given (at least six months under our collective bargaining contract), the plan provides for integrated and intensive on-site consultation, planning assistance, and liaison services with government and community agencies. These efforts should help in redirecting structural unemployment in a period of moderate opportunity. However, the overall impact may be limited where there is massive local unemployment.

Program results will be measured in a variety of ways: placements, training completed, participant evaluation, and evaluation by outside researchers. Initial results, as well as responses to the program by employees, local unions, and management and by community, education, and government groups, indicate it is on track and that collective bargaining can, in the right circumstances, contribute importantly to helping deal with the problem of the dislocated

worker. Ford and the UAW feel that they have greatly multiplied their efforts by making this program truly a joint undertaking, and by their decision to deal through, and with, community institutions. A central part of this design is the establishment of a professional center staffed by a group dedicated to guiding the effort and to making things happen.□

BARGAINING TO EASE THE TRANSITION

Randolph Hale
Vice President,
National Association of Manufacturers

As a result of plant closings and automation and their ever-increasing toll on jobs, nearly 50 percent of today's bargaining agreements contain provisions for special assistance to facilitate re-employment. These agreements cover such matters as transfer rights, relocation assistance, retraining, and health and welfare benefits. General Electric provides extensive job placement programs, job clubs and skill assessment programs. They bring in outside consultants, and provide workers with up to $1,800 within two years for vocational training and skill improvement.

The only new building at GE's 73-year-old Erie, Pennsylvania, locomotive works is a retraining center. The company is totally renovating and automating the plant, which it calls the factory of the future. The plant will have 12 percent more floor space. GE projects a 33 percent increase in capacity and a 20 percent reduction in material cost. The complex originally employed 10,500; it now employs 7,400. GE expects to rehire 900, which would increase the work force about 10 percent. Some of the changes are mandated in the bargaining agreement. General Electric is making others on its own initiative.

To facilitate re-employment after a plant closing, management, the local union, local technical and vocational institutions, and all relevant units of government must work in close cooperation. Most important, maximum advance notice should be given. Since each plant closing is unique, the maximum notice that is feasible will vary widely. Some companies may not be able to give as much as six months' notice.

The National Association of Manufacturers is publishing a brochure to cover such subjects as goodwill programs that work, advance closing notices, the timing of closing announcements, the objectives of

orderly displacement, morale, employee relations, communication with employees, policy coordination, early leaves, interplant transfers, early retirement, severance pay, and health insurance plans. The brochure will also discuss job search measures, community action teams, job clubs, outplacement, retraining, and trauma counseling. It will contain a list of types of government assistance available and some case studies of successful plant closings. The brochure is based on a survey of the 1,500 member companies that employ 500 or more workers. We asked about their experiences in dealing with problems of employee displacement and plant closings. Forty-eight percent responded. Advance requests for copies indicate a particularly heavy demand for information on these issues among small-and medium-size companies -- firms that employ fewer than 2,500.□

How Smaller Companies Handle Plant Closings

Roger Sonneman
Senior Vice President
and Assistant to the Chairman, Amax, Inc.

Only 20 percent of the work force of this country works for large corporations such as Amax or General Motors. Recognizing this, and recognizing the relatively higher impact that plant closures and layoffs have on smaller companies, the Business Roundtable conducted extensive studies of the responses of the remaining 80 percent of corporate America to these forms of severe economic disruption. We looked at what might be called Middle America, where most of the working population is employed by drugstores, restaurants, and small factories. Unemployment, along with its impact on towns and cities, takes its heaviest toll on these employees.

We formed a task force comprised of corporate officers of companies of varying sizes. As the members shared experiences about plant closings and layoffs, we found that small companies, as well as large ones, had acted responsibly in providing for the human needs of employees faced with plant closings and work slowdowns. These managers were acutely aware that, in a broader sense, redeployment of capital includes the redeployment of human capital. While horror stories can be cited, small- to medium-size corporations have a consistent record of responsible behavior during periods of dislocation.

This record persists despite the hodgepodge of state and federal laws that limit the flexibility of a company's response. While struggling with corporate problems as a result of economic slowdown, managers must be scrupulously careful to comply with a host of federal and state training acts, regulations governing unemployment compensation, and, often, the provisions of the Trade Adjustment Act. They often view these as self-defeating, too costly, and overlapping. Yet they face the prospect of even more restrictive regulations. Twenty-six states have passed or are considering legislation that

would require, for example, two years' notice of a company's intent to close a plant. Such rigid requirements are especially damaging to small businesses. They are not conducive to a productive economic climate, and they hamper, rather than encourage, partnerships between labor and management.

As a result of our surveys, the Business Roundtable drafted a set of recommendations for employers facing a plant closing. We offer these guidelines only as suggestions, clearly not as a mandatory checklist for all companies. At the very least, however, they touch on the major problems that beg for resolution. The recommendations are:

- Support efforts to improve the focus and management of existing state and federal programs designed to assist unemployed workers in economically depressed areas.
- Encourage the coordination of the 22 federal displaced worker programs with state and local programs.
- Urge the entire business community to establish volunteer plant closing guidelines that include the following:
  a. Give notice as far in advance as is "practical."
  b. Establish a communication program that coordinates the kinds of information conveyed to employees of an affected area.
  c. Authorize severance pay based on length of service.
  d. Encourage the extension of health and welfare benefits.
  e. Provide special pension considerations, such as immediate vesting of employees with extended service and lump sum settlements.
  f. Establish outplacement services that operate independently from or in conjunction with federal and state outplacement assistance.
  g. Offer retraining assistance through the company or public agencies.□

SIX

STATE RESPONSES

INTRODUCTION

As Kevin Balfe noted in Chapter 4, the most salient feature of Title III of the Job Training Partnership Act is its flexibility--states are given broad authority over who is served, how the program is planned and administered, how resources are distributed, and what services will be provided. Programs can be organized in response to crisis situations, such as a major plant closing, tailored for specific industries statewide, or targeted to high unemployment communities.

Because experience with dislocated worker programs is limited, the intent of the law is to give the states the opportunity to experiment with different approaches. In this chapter, Robert Blank of the Iowa governor's office, and Mark Sanders, of the California Employment Department, outline some approaches their states are taking. Douglas Patino of the Arizona Department of Economic Security, discusses the economic climate in which state officials must develop programs for coping with plant closings and worker displacement, and Ruth Fedrau of the National Alliance of Business offers suggestions for planning effective programs.□

AN IOWA TASK FORCE BUILDS A CONSTITUENCY

Robert Blank
Director, Governor's Grant Office, Iowa

Iowa traditionally has been somewhat isolated from the nation's economic problems. For a number of years, our average unemployment rate was under 5 percent. Iowa, however, has felt the impact of national and international economics during the past two years. The embargoes that affect farmers' products and the drastic changes in industry have begun to take their toll. During the past six months, our unemployment rate has risen to 10.5 percent for the state and to 25 percent in selected single-industry communities that were drastically affected when the economic picture changed.

We only recently became seriously concerned about the problem when one community experienced two or three plant closings. The community began to look internally for ways to respond to the problem. A community task force was created to draft a plan for helping the displaced worker. The task force then took the next step, that most communities take; they sought financial aid. The Governor's Grant Fund responded. This experience alerted state personnel to the need for building a statewide constituency to make the dislocated worker issue a priority. A governor's task force was formed in October, 1982, with representatives from labor, business, state agencies, and the legislature, to determine what the state should do about the problems of retraining.

After we formed the task force, we found we needed to bring in specialists to help us broaden members' understanding of the issue. To sensitize them to the needs of the dislocated worker, we took them on visits to communities that had experienced dislocation. They met with community leaders and workers to get a firsthand look at the problems. Some of the issues discussed in the task force report are a direct reflection of those expressed needs. One obvious need was jobs.

We knew we were not going to be able to quickly re-establish private sector jobs. Therefore, the task force recommended that a state public employment program be established primarily for people who had exhausted their unemployment insurance benefits. The state legislature was quick to respond and is considering legislation to create a $5 million, short-term public employment program to work on the issue. This is the first time Iowa has ever attempted to address this kind of problem.

The public employment program was one of 20 recommendations the task force submitted to the governor in its report in February, 1983. The work of this broadly based group clearly demonstrates the impact a state government can make by building a constituency for a close examination of the issue. The task force's careful deliberations and innovative proposals gave the governor a firm base for action. He was able to make a full commitment to their proposals.

Iowa is setting up nine transitional centers to deal with dislocated workers. These centers are similar to other re-employment programs elsewhere in the United States. They represent a $1 million capital investment with funds from a CETA grant. Iowa is also providing money to stimulate the prime sponsors to make grants for retraining.

Directly or indirectly, the experiences of the task force brought a new approach to economic redevelopment within our state. We don't seriously think we can compete with California in high technology, and we would probably just waste a lot of money if we tried. However, we do believe that we will get our national share as a result of regular employment activities. We are attempting to focus our energies on redeveloping what we do best--agriculturally oriented production.□

NEW POLICY ASSUMPTIONS

Douglas Patino
Director, Department of Economic Security, Arizona

The tremendous industrial shifts our nation is experiencing have caused severe problems that often cannot await legislative resolution or direction. One of these problems -- the displacement of workers by plant closings and sharp declines in production -- has commanded increasing attention in the past three years. The most effective solutions can be found in positive action by partnerships of people -- people from labor, management, and government who are committed to working together to develop a new array of strategies to deal with these issues.

To put the issues raised by plant closings and the dislocation of workers in better perspective, we need to analyze the drastic changes that have taken place in the last decade in our systems for delivering goods and services. These changes have altered the environment in which we operate, causing us to make new assumptions about our society -- assumptions that will help us prepare for the impact of industrial shifts.

First, we must assume that we are subject to the forces of a global economy, no longer simply part of an independent, isolated economy. States can no longer afford the rugged individualism that has been part of our philosophy. No longer is a state economy dependent on our national economy; it is responsive to the dynamics of our global economy. Management, labor, and government are tremendously interdependent. These sectors are vulnerable, and therein lies the greatest opportunity that we have had in the last 30 years. None of the sectors can do it alone. Therefore, there is a need for a catalyst, such as the National Alliance of Business, to bring the parties together.

We can also assume that information systems will continue to make a strong impact on our relationships with Third World coun-

tries. Third World countries were once regarded as unable to change, innovate, or compete. They became competitive very quickly. We cried when Japan took our stable industries. We failed to note, however, that Japan recognized that it was time to transfer them to other countries. Steel is now manufactured in South Korea, as Japan had planned it would be. Information systems have had a vast impact on our own economy and, in turn, on plant closings. Because the global economy has such a strong impact on our state economies, we cannot predict which industries are going to survive in the future. The issue of plant closings and industrial shifts is further complicated by such factors as financing, competition, marginal profits, product demand, consolidation of facilities, automation, and other technological impacts on older industries. All of this adds up to an industrial dilemma.

Many of us also assume that employment training and education must be a part of the support system for industrial growth and advancement. Therefore, states must redesign their training and support programs, for they simply aren't appropriate today for the kinds of transitions workers must make. Nor are the existing instruments for assessing the skills of the displaced worker very helpful. States should examine their methods of assessing the skills of displaced workers and their job opportunities for the future. They should then attempt to determine what training will be required for the transition into those occupations.

We have assumed, too, that there is a tremendous communication gap among employers over classification or description of job duties. Employers differ in how they classify and label similar jobs. This makes it difficult for employees to relate their skills to jobs offered by other employers.

The real action in assisting dislocated workers is not at the federal or state levels but at the local level. States need to ensure that mechanisms are developed to allow for flexibility at the local level. Traditional systems and institutions will simply not survive.

In some states the meager resources available to a small, single-industry community that experiences a plant closing contrast sharply with those offered to a multi-industry community with a medium to large population. Help is needed in both these vastly different settings. But we will have ghost towns in this country if we don't begin to take a look at these single-industry, small communities. We must decide how we are going to redirect our services to help them find other kinds of industries and businesses.

There are several steps states and localities can take to prepare for industrial shifts. The first one is the creation of a comprehensive state employment training and economic policy. It is beyond the scope of the Job Training Partnership Act and the coordinating council it establishes to examine closely the pertinent institutions and develop for the state a comprehensive public-private sector policy. States urgently need to develop a group of public and private sector representatives to monitor single-industry communities. Such groups should try to identify economic vulnerability and recommend policies for increasing industrial diversification. They should also offer overall guidance to the private sector for diversifying industries. Another step, which some states have already taken to offset the negative impact of industrial shifts, is the formation of interagency committees of policy makers in the fields of employment training, education, and rehabilitation.

Efforts need to be taken to redirect income maintenance programs in ways that will foster economic independence. Without realizing it, we have created a tremendous amount of dependency in such programs as unemployment insurance. However, each state is unique, and each state must make its own program adjustments.

States need to establish assistance centers that help people who have been displaced make transitions to occupations that are in demand. These centers should also provide emotional support and counseling, as well as training. In creating these centers, we must establish an early warning system whereby management alerts the state six months prior to a plant closing to allow for constructive planning. We must also establish a notification process for workers so that they understand what is happening and when. The state can create some of the options, resources, and support services, but leadership must be local. Formation of a community re-employment committee is one of the best means of assuring local leadership. It is also important that there be preplanning for the opening, as well as the closing of the center so that people have accurate expectations. Labor and management must have clearly defined roles and be actively involved in the planning and the implementation stages. We have found that labor, not the state, should alert the workers on matters relating to plant status, jobs, and wages. The centers should be large enough to accommodate all necessary activities and be easily accessible. The private sector should commit financial resources to the venture. This is not only necessary, given the state of public resources, but it also tends to heighten their commitment.

A certain minimum of key services must be provided by the re-employment center. They are:

- Assessment of job readiness and job skills
- Financial counseling
- Job search workshops
- Child care
- Placement assistance
- Training for occupations that are in demand.

Finally, there is a need for a centralized, inter-agency approach by government to the problems of the small single-industry community. There are tremendous resources that the federal government can offer to states and local communities that are wrestling with this problem.□

RETHINKING ESTABLISHED PROGRAMS

Mark Sanders
Acting Director,
California Department of Employment Development

Former Labor Secretary Dunlop has aptly said, "Dislocation is the price of progress." I wholeheartedly agree. What we are experiencing is not just a reaction to the recession. The widespread, visible change is rather a reaction to progress. It is important to understand this relationship in order to properly prepare for our future. We need to rethink programs such as unemployment insurance and income transfer and create new public responses to the problem.

The National Commission for Employment Policy recently published a paper that addressed the innovative uses of the unemployment insurance program. Its proposals are not theories, they are realities. Those who have been working with state legislators and unemployment security agencies to make necessary changes in the use of unemployment insurance realize that it can be done without any additional cost.

Let us examine some of these changes that have been made in California. First, we are going to pay monies to people who are unemployed through no fault of their own. It costs an average of $15,000 per year for every unemployed auto worker because of the income transfer and the loss of taxes, both federal and state. That's a very expensive price to pay in unemployment insurance to people who are unemployed. State laws that don't provide for retraining of the unemployed while they are collecting unemployment insurance need to be modified. Most state legislatures are receptive to this idea because they assume that the unemployment claims will be paid anyway, that the change doesn't cost any extra money, and that this is better than welfare.

Another step we have taken in California -- Colorado and other states are following suit -- is to secure legislation for what is called

work-sharing unemployment insurance. It permits an employer faced with a work reduction to lay off an individual, unit, or entire work force for a day or two, thus eliminating the need for permanent layoffs. Assume, for example, that there are 100 employees in a given plant and work is reduced by 20 percent. The ordinary response would be to lay off 20 percent of the people. In this case the management would be paying 20 people unemployment insurance benefits. In California we say: "Don't lay off 20 people full time, but rather lay off 100 people one-fifth of the time, and pay everybody one-fifth of their unemployment insurance for the day they're off, and continue them on the payroll." Last year in California, 2,500 plants with almost 100,000 employees did just that. Therefore, this year we're trying to modify our bill to permit it to be used for the full life of the claim of 26 weeks as opposed to the current 20 weeks. In turn, we are working with educational institutions to set up mini courses designed to upgrade or to adjust an individual's skills in anticipation of changes within the occupation. Basically, the program we are underwriting permits an individual to go to school during the time he is laid off under work sharing. It is a way of anticipating the transition that may be necessary if a plant does close; the individual is preparing to become reemployable. We believe it is a viable and cost-effective approach to meeting the needs of the employer, employee, and schools. California employers are no more willing to give up their tax money than any employer in the country, and California unions are no less tough than any other unions in the country; however, they both have supported the program.

Both employers and unions also supported the Employer-Union Training Program, established in California with a special one-tenth of one percent tax on employer payrolls. Even with diminished payrolls, it has generated a little more than $55 million a year since the program's inception. The money is specifically set aside for employers and unions to utilize for training dislocated and unemployed workers. The California Employment Training Program will operate in concert with the activities of the Job Training Partnership Act. If the Work Incentive program passes, the training activities will be coupled with that program as well. The beauty of the program is that it allows us to target training opportunities in expanding industries. We believe that this will be extremely helpful to the small employer who has growth potential but cannot afford training.

Another state program was developed in recognition that part of our ongoing problem was in assisting employers who want to upgrade

their own work forces and accommodating long-range transition within the labor force. It is the Community Work Site Education and Training Program. The program receives $10 million from the state general fund which is then funneled to an employer, a group of employers, or an industry to provide on-site and classroom training to upgrade individuals for better jobs. No stipends or allowances are provided. The program pays for training only, and individuals participate on their own time. This program also permits us to create an opportunity for a disadvantaged worker to train for the jobs that will be vacated through upgrading of other employees.

In addressing the problems of the dislocated worker, California can call on a range of financial mechanisms and programs, such as modified use of unemployment insurance and state-funded training programs. JTPA will be another major resource. We have strived to understand our today, so that we can begin to mold our institutions and programs to meet the mandate of tomorrow.□

PLANNING INITIATIVES

Ruth Fedrau
Program Manager,
National Alliance of Business

It is difficult at best to determine what types of state programs need to be developed to meet the needs of the dislocated worker and affected industries. The problem is further compounded because the dynamics of the crisis cannot be examined in a vacuum. Consideration of a few essential elements may make a significant difference in the quality and impact of the programs. They are as follows.

Program decisions need to be made with consideration for the future firmly in mind. It is worthless to attempt to treat the issue as if it will disappear once the recession bottoms out. Rather, the solutions must consider the impact that progress has and will continue to have on our towns and our people.

On the state level, some sort of entity should be created that is directly responsible for the displaced worker program in that particular state. It conceivably could be a subcommittee of the coordinating council the Job Training Partnership Act authorizes or a separate group. Serious consideration should also be given to how the programs are actually going to be developed at the local level and how funds are going to be transferred. It is essential to determine what type of system needs to be established within a given state and to make it accessible to every displaced worker.

Effective partnerships need to be built. Many institutions have not been a part of previous efforts. Banking institutions, employers, and health services are just three examples.

Finally, long-term economic development issues need to be included in planning. Even in those communities that will never bounce back, there is always something that can be done to help the dislocated worker regain his self-esteem and to become productive once again.□

SEVEN

COMMUNITY RESPONSES

INTRODUCTION

Plant closings and massive layoffs have a strong ripple effect in most communities. By one commonly accepted "employment multiplier," a community loses an average of two service-sector jobs for every three manufacturing jobs lost. The Department of Transportation developed multipliers showing that the initial loss of 100 auto industry jobs could result in the loss of up to 300 in a region.

The more a community depends on the payroll of a plant, the more it feels the impact of a closing or serious cutback in work force. Economists Barry Bluestone and Bennett Harrison note in *The Deindustrialization of America* that the closing of a copper smelter by Atlantic Richfield Company in Montana, eliminated 80 percent of the entire payroll in a community of 12,000 people. The effect on the employees and their families and the resulting claims for unemployment compensation and food stamps, the *Los Angeles Times* reported, "were just the clackings of the first dominoes to fall. All told, the state estimates the smelter closing will result in the loss of $42 million in annual payroll in a county with only $51 million in income to begin with."

Des Moines Mayor Peter Crivaro found that, even in an economy as diversified as Des Moines', plant closings can have a pervasive effect. He and the task force he formed were compelled to negotiate less-burdensome mortgage payments and alternative health care for the city's dislocated workers. Like Crivaro, Los Angeles Mayor Tom Bradley was moved to draw on the services of a blue ribbon task force when he learned that the closing of an automobile plant would displace 3,500 workers.□

WELCOMING A BROADER ROLE FOR THE PRIVATE SECTOR

Tom Bradley
Mayor of Los Angeles

Some mayors have expressed skepticism, and sometimes even hostility, toward the new Job Training Partnership Act, which gives additional and new emphasis on the role of the private sector. They fear that private sector management will step into an arena they once controlled and become the important and controlling force. I don't fear this kind of involvement by the business sector. In fact, I recognize that unless there is partnership, unless there is a sharing of the commitment and responsibility in dealing with the problems of economic development and job creation by all segments, all is lost. Therefore, I welcome the expanded role of the private sector in carrying out provisions of this new act. In Los Angeles, for the last 10 years, we've experienced a tremendous growth in the strength of our public-private partnership -- the kind needed to make the act successful.

There hasn't been a major problem facing the city in which I've not called upon both management and labor to join with us in city hall in seeking the solution. In 1973 and 1974, when we experienced the oil embargo in the Middle East that literally staggered our economy and threatened us with power disruption, that caused black-outs and brown-outs, we asked representatives of management and labor to join with city officials to develop a conservation program that we think is the best in the nation. Another partnership played a vital role in the planning for nine million square feet of new office space built in the past few years and 13.5 million square feet now being designed or under construction. Still another provided the leadership for rebuilding our deteriorated flower market into one of the best in the country. We have reached agreement on a plan to bring together jewelry firms, now scattered all over downtown Los Angeles, into a new jewelry mart. We saved our produce market, ending the once con-

stant threat that it would move out of the city, and, in the process, saved more than 1,100 jobs. Effective partnerships made both these merchandising centers possible.

Guided by such precedents and their counterparts in other cities in the country, this nation can mobilize cooperative efforts to make the new Job Training Partnership Act work. I'm not going to claim that Los Angeles is the only place, or even the first place, to successfully cope with the vexing problems of plant closures and displaced workers. But I can say, with some degree of pride, that it was among the first to test a unique concept for alleviating the economic and social disruption plant closures cause.

In late February 1982, the General Motors plant in Southgate was closed indefinitely, displacing 3,500 workers. The next month, the California Department of Employment Development set up a reemployment center to retrain those displaced workers to make them competitive for other types of employment opportunities in growth industries. In June 1982, General Motors and the United Auto Workers signed a collective bargaining agreement that established a joint skill development and training committee to promote training, retraining, and other measures to upgrade the skills of displaced GM workers. California was the first state to take advantage of that General Motors/United Auto Workers plan. On September 24, 1982, the State of California, General Motors, and the United Auto Workers signed an agreement providing $10 million to put the plan into effect in our state, the first to enter into such an agreement. Los Angeles was the first city asked to implement this program. I asked the chief executive officers of 20 of the largest companies in the Los Angeles region and leaders of the United Auto Workers and other unions to form a task force to determine what could be done for the 3,500 displaced workers at the Southgate plant. We used part of the $10 million to organize and develop job search and marketing programs and to provide counseling, training, and retraining. Using other types of financing, we enlisted the services of the community college and community agencies that offer modest training programs.

This partnership has created the necessary atmosphere and commitment for this effort because it is industry driven. A government program, or one sponsored solely by unions, could not have accomplished what this program did. There must be a commitment on the part of the leaders of private industry, and it ought to come from the top. That is the reason we called upon chief executive officers. Lower-

level staff people cannot make the kind of commitment or inspire the degree of involvement that is making our program a success.

The first 100 graduates of the retraining program in the spring of 1983 were interviewed for new job slots at a job fair held on their graduation day. The next class was expanded to 200. Although these numbers may seem small when compared with the total need, this modest, but expanding, program has established a strong precedent for dealing with layoffs and plant closings. The idea has already been adopted by other areas in our state and in other parts of the country ☐

THE SPIRIT OF PARTNERSHIP IN ST. LOUIS

Michael H. Maguire
Director, St. Louis Metropolitan
Re-employment Project

The St. Louis area lost more than 50,000 manufacturing jobs between 1979 and mid-1983. The region has a diverse labor market with a wide range of employees. However, many large automobile, steel, and meat-packing plants experienced drastic cut-backs during this period.

In 1980, the New Spirit of St. Louis Labor Management Committee, under the auspices of the Regional Commerce and Growth Association (RCGA), recommended that a program be created to address the problems of plant closings. The RCGA is a regional chamber of commerce that promotes economic development. It has 3,500 members from businesses in the area. Among its member services is the management of the metropolitan area private industry council.

RCGA, in cooperation with the St. Louis Community College and the local Labor Council, proposed the Metropolitan Re-Employment Project (MRP), which in 1981 was funded as a pilot program under Title III of the Comprehensive Employment and Training Act. The MRP is operated by the St. Louis Community College.

The project started with three centers in various sections of the metropolitan area, each taking a differenct approach. One maintained a tight link with the community college, one established an office in the Illinois Job Service, and the third set up an outreach office and worked in conjunction with a community-based organization. The operations have since been consolidated into two. It was apparent early in the process that the partnership approach was a vital part of the planning as well as the operation of the program. Therefore, a Re-employment Task Force was set up that included the head of the RCGA, the president of the community college, the president of the

Labor Council, the CETA prime sponsor, and a variety of business leaders. This group constituted a partnership of individuals with diverse skills and access to a variety of community resources, which made it well-qualified to assist the laid-off workers.

By choice, there have been no federal funds involved since the program's first year. It was decided not to use federal funds in 1982 because we wanted the flexibility of working with all dislocated workers, not just those eligible under CETA. In January 1982, Civic Progress, Inc. became the program's major funding source, committing $150,000 for 1982 operations. Civic Progress is composed of the chief executive officers of major companies headquartered in St. Louis, such as McDonnell Douglas Corporation, Ralston-Purina Company, and Monsanto Company. The community college contributes services valued at $100,000, including classrooms, video equipment, payroll and purchasing facilities, and personnel. The CETA prime sponsor lent us a staff member early in the process to help us develop a management information system. The Missouri Job Service supplied a job service technician and a terminal.

The MRP concentrates on helping laid-off workers in St. Louis and the surrounding counties who have a stable work history and who have worked three of the past five years for the same employer. These workers are not necessarily economically disadvantaged and, therefore, are not eligible for traditional CETA programs. Most have never had to cope with the psychological and financial effects of unemployment. Most of them have not had to look for work or consider retraining during their entire careers. The major characteristics of displaced workers in the St. Louis area are:

- Two out of three are male.
- They are evenly split between blacks and whites; although, the number of white participants is increasing as the recession affects additional industries and lay-offs affect employees higher up the seniority list.
- Fifty-five percent are between 26 and 45 years of age; 20 percent are over 45.
- Sixty percent are married.
- Sixty percent have more than two dependents.
- Twenty-five percent have no high-school diploma or GED.
- More than 12 percent have college degrees, a percentage that is increasing.

Last year, 1,450 individuals sought assistance at the center. Of that group, 31 percent found employment by the end of the year.

Approximately 7 percent went into retraining. It is important to point out that initially the program offered only outplacement counseling, not retraining. Through a grant from the Fund for the Improvement of Post-Secondary Education, we were able to begin a pilot program known as the Experienced Worker Retraining Program. It is free to participants, does not require CETA eligibility, and will serve 250 people in three years.

As noted, the MRP's major goals are to ease the shock of unemployment for workers laid off in the area since 1979 and to help them find jobs. The following services are offered:

Job Shop Participants attend a one-day job shop, a training session held at the community college, a union hall, or on a company's premises. Through lectures, slide presentations, films, and individual counseling sessions, workers learn to prepare resumes and write job application letters, make phone calls for job leads, and interview for jobs. Films show the right and wrong way to behave at an interview, and participants who volunteer are filmed in a mock interview. Each participant receives 10 copies of his or her resume at the end of the day.

The shop also provides an introduction to job search strategies. Participants learn of the kinds of jobs available in St. Louis and the changes occurring in the job market, how to find information about a particular company, and how to use networking to find unadvertised jobs.

Finally, the job shop introduces participants to traditional community resources that are unfamiliar to the participants, since most have never been unemployed. These include the Employment Service job bank, social service agencies, Catholic charities (for emergency medical help or clothing), and consumer information services (for financial counseling in managing mortgage payments and other debts).

Outplacement Counseling Participants meet individually with a counselor as frequently as necessary. Counseling sessions provide emotional support and allow the laid-off worker to vent the anger and frustration they are feeling. The outplacement counselor telephones the participant at least once a month to find out how the job search is going, to inquire about how the family is coping, and to offer advice. The counselor can refer the worker to a job placement technician who has direct computer access to the Missouri Job Service and to companies that have not listed openings with the job service. The counselor and the technician help

participants compile lists of their secondary skills that might qualify them for jobs in other than their usual occupations.

Placement Assistance and Job Development These services, similar to those offered by other programs, are targeted only at laid-off workers.

Conferences A one-day conference in March 1982 attracted about 500 displaced workers. The conference featured 40 speakers and 25 to 30 exhibitors. Presentations were made on a variety of pertinent topics. Some examples: A panel of utility company representatives gave advice on dealing with utility bills during a financial crisis. The Missouri Extension Service had a display on low-cost, nutritious meals. Representatives from an alcohol treatment program encouraged people to seek help when they found it necessary.

MRP spent only five weeks planning the conference and, by creatively using resources available in the community, was able to offer it free of charge. Because the conference coincided with the spring break at the community college, the school made its facilities available. Speakers and presenters who normally charge for their services waived their fees. Local media publicized the conference, and many companies volunteered to notify workers laid off in the last year. The Coca-Cola Company donated drinks, and McDonald's supplied hamburgers. The conference benefited from an impressive show of support from the community. In addition to the benefits it offered the unemployed, the conference raised the consciousness of the community about the extent of the displaced worker problem. Many employers and community people were shocked to learn that displaced workers have long and stable work histories and that they are not among the traditionally unemployed.

Consulting Services A re-employment task force composed of union leaders, company representatives, educators, and CETA prime sponsor representatives advises MRP about which local companies are facing layoffs. The MRP can then help the company set up customized job shops and services prior to the layoff. This consulting service is particularly beneficial to companies with a long lead time before shutdown. The shock of unemployment is lessened, and workers are more likely to remain productive in the pre-shutdown period if they feel that someone is trying to help.

Information Services The MRP collects information about the needs and problems of the St. Louis jobless population and shares its findings with community social service and training organizations. A directory of area training programs for various skills has been compiled, and copies have been provided prime sponsors, Department of Labor representatives, and community colleges. The directory helps training providers to identifying resources and to avoid duplication of services. Staff for other agencies dealing with the problems of the unemployed are trained by the MRP. The training sessions focus on the particular problems faced by the unemployed and on the best ways of helping them cope.

MRP has had its share of problems. These have included turf battles, regulation limitations, lack of adequate labor market information, and high levels of worker frustration.

The spirit of the MRP, however, reflects the St. Louis community's long-standing success in solving labor-management problems. Its overall purpose is to make the best the use of all resources in the most efficient way possible for the benefit of dislocated people. MRP is still very young, but it is proof of what can be achieved when partnerships are built at the local level.□

JOB TASK ANALYSIS IN PITTSBURGH

Dr. Daniel C. Przybylek
Dean of Continuing Education,
Community College of Allegheny County

Using a model we developed to match the demand and supply sides of the labor market, the Continuing Education Division of the Community College of Allegheny County demonstrated that it's possible to find versatile talent that can be trained in a minimum amount of time to meet current labor demands.

Two recent cases illustrate the application of our Job Task Analysis Model for Cross-Training Displaced Workers. This 11-step approach allows us to tailor training to help unemployed workers adapt their skills to meet the qualifications of existing jobs or jobs that careful forecasters believe will exist at the end of the training period. In one case we provided training that enabled millwrights displaced in Pittsburgh-area steel mills to qualify for jobs as stationary engineers in new buildings. Another group of displaced steelworkers entered training at the college to become robotic repair technicians.

Let's first examine the cross-training that prepared the millwrights for construction jobs.

In 1982 in Pittsburgh, one didn't have to have a sophisticated econometric model to determine where the jobs were. One could follow the flow of money. Some $5.5 million was flowing into the construction of downtown office buildings, part of Pittsburgh's Renaissance II. One of the first positions to be filled in the staffing of those buildings is the stationary engineer. Our model indicated that millwrights could transfer the skills and training they had acquired in erecting and maintaining machinery in steel mills to this occupation.

The bankruptcy of a central steam plant that furnished steam for heating downtown office buildings required owners of existing buildings to revert to use of individual boilers. They were, in effect, going

back to a low technology. This created an additional demand for stationary engineers.

We worked with the Building Owners and Managers Association (BOMA) in the Pittsburgh metropolitan area in analyzing the labor market and designing a curriculum for training displaced millwrights for jobs as stationary engineers. The project was very cost-efficient. The candidates had the range of previous training, education, and job experiences that permitted them to operate the boilers, a low-technology function. With training, they were able to master the fundamentals of the high technology equipment that controls the boilers.

We are also using the Job Task Analysis model to train robotic repair technicians. Again, we went to the pool of unemployed skilled workers displaced from jobs in the steel mills. Our labor market analysis showed that Westinghouse Electric had just invested approximately $100 million in robots. Although sales for robotic equipment are off, we are confident that employment in this new job classification will exist in the future. Consequently, we are creating a program that will cross-train technicians to install, repair, maintain and keep industrial robots in operation. This program will take eight months. Because of the decline in steel production and plant closings, we have been able to enroll 20 well-trained, ultra-sophisticated maintenance workers with backgrounds in electro-mechanical repair, hydraulics, and instrument repair.

There was no job description in the Dictionary of Occupational Training for a robotic technician. We were able to develop one, however, after members of our industrial advisory board talked to personnel directors at firms throughout the country that have hired robotic technicians. This enabled us to complete the job analysis. Staff from the Westinghouse Robotic Research Laboratory assisted the college to develop the training curriculum for the first class of 20 technicians. We hope the caliber of these cross-trained skilled workers will generate additional demands for our trainees.

The 11 steps in our cost-effective model are:

1. Completion of the labor market analysis which tries to identify where the jobs are.
2. Review of local manpower statistics if accessible. That information tells us who is laid off and in what job category.
3. Review of training data and worker characteristics, including educational levels, duties, tasks, and responsibilities.

4. Identification of job classifications that are open in the labor market.
5. Comparison of available jobs with the job task analysis to determine the difference between characteristics of the old job classification and job demand.
6. Development of appropriate curriculums using information from this comparison.
7. The employment service refers candidates to Allegheny Community College.
8. The college screens candidates by administering the academic job proficiency test.
9. The college advisory boards interview the candidates and recommend the finalists.
10. The college provides the training.
11. Upon completion, the college develops the jobs and replaces the graduates.□

INTERIM LIFE SUPPORTS FOR THE DISPLACED

Peter Crivaro
Mayor of Des Moines

Communities that face the problem of dislocation need to involve their local elected officials in seeking solutions. Because two major plants had announced plans to close, a group of labor executives and community leaders asked me to organize a community effort to help retrain the people who would be dislocated. I encouraged the formation of a task force consisting of representatives of labor, the chamber of commerce, and the academic community to develop a strategy to address the problem. This strategy was successful, not because of our receipt of federal funds, but because of the spirit of partnership in which the task force worked.

The task force decided to solicit support from the closing plants. In meetings with the presidents of the two companies that had announced they were closing, we sought their help in dealing with the dislocated workers. One company made its computer available to us. This enabled us to analyze the profiles of some of the people who were facing unemployment and to identify their retraining needs. A United Way staff member was appointed coordinator of the task force. Her salary was paid by a grant from the private industry council from its allocation of funds under the Comprehensive Employment and Training Act.

This contribution was used to leverage a total of $300,000. This included $45,000 from the city, $75,000 in CETA funds from another program, and $75,000 each from the private sector and the Iowa Office of Planning and Programming. Individual industries and labor unions also contributed.

Given the data collected, we decided to use the money for tuition for retraining the unemployed in another skill. We contacted the Des Moines Area Community College, which agreed to instruct some of

these unemployed in skills where jobs were available. Des Moines does not suffer from a lack of jobs; therefore, the task force decided to use the money for retraining the laid-off employees for available jobs.

Dislocated workers who applied for retraining were carefully screened before assignment to a slot in a particular job-skill category offered by the community college. The hard-core unemployed were not eligible for the program, for whom CETA maintained services. The chamber assumed the lead in contacting businesses to determine if they would evaluate the program. Its analysis showed that 88 percent of the people part in this program found employment.

We found, however, that dislocated workers had financial problems for which re-employment would not provide immediate solutions. Many of them feared they might lose their homes because of delinquent mortgage payments. Some refused to call the lender for fear of learning that foreclosure proceedings were imminent. We contacted the lenders and found them willing to work out arrangements for making payments. After meetings of city officials, lenders, and representatives of the Federal National Mortgage Association, a tri-party plan was approved.

From a pool of $175,000, the city made loans to qualifying unemployed homeowners at 2 percent interest to cover up to 30 percent of their overdue payments. As a result, and concessions made by the lenders and FNMA, interest rates on these mortgages were reduced to 9 percent, from a range of 11 to 19 percent. Lenders found that, in some instances, homes had to be refinanced in order to reduce payments to a level the homeowner could afford.

The unemployed workers were also concerned about the loss of family health care services that company-sponsored insurance had provided. To compensate for this loss, the task force installed a program of free health care during the workers' retraining period. This care was provided by the Des Moines College of Osteopathic Medicine and Health Sciences. The college issued cards that allowed the families of the unemployed to go to any one of the institution's clinics for general health care. We're very fortunate to have such an institution. This kind of commitment might inspire other organizations in the community to become involved in this program.

What has been accomplished in Des Moines can be attributed to prompt action by people to the partnerships they formed. This potential exists in almost every community. Communities shouldn't wait for the federal government to provide them the direction and money to solve their problems.□

EIGHT

ECONOMIC DEVELOPMENT STRATEGIES

INTRODUCTION

Both research and experience show that helping workers sharpen job-search skills and retraining them for new jobs accomplishes nothing if there are no jobs available. Recognizing this, many successful sponsors of programs for dislocated workers concentrate first on helping potential employers expand or regain lost business. Two such programs are described in this chapter. The Downriver Community Conference, a coalition of 16 Detroit-area communities, found that the decline of automobile sales had severely curtailed production among small manufacturers that supply components to the industry. Freda Rutherford tells how helping these companies find new markets, notably though successful competition for Defense Department contracts, enabled them to recall workers they had laid off.

In Buffalo, the Erie County Industrial Development Agency concluded it could increase job opportunities by helping the flagging flour-milling industry solve its transportation problems. These efforts, outlined by William Donohue, led to a mutually benficial partnership of the mills and Conrail.

A broader approach has been taken by Pennsylvania's state-chartered Ben Franklin Partnership. It has established four advanced technology centers to coordinate research and development on emerging technologies. Their primary objective is to create new jobs by rebuilding the state's manufacturing base. Roger S. Ahlbrandt, Jr., of the University of Pittsburgh discusses the work of the Western Pennsylvania Advanced Technology Center, jointly sponsored by the University of Pittsburgh and Carnegie-Mellon University.□

THE DOWNRIVER CONFERENCE:

Pioneer in Retraining

Freda Rutherford
Director,
Downriver Community Conference

The Downriver Community Conference (DCC) is a consortium of 16 towns and cities in the Detroit area that have joined together to address economic problems that cut across community boundaries. It is a multi-purpose, quasi-governmental organization.

The Downriver area suffered many shocks in 1980 with the closing of major industrial plants that had a combined work force of 1,800. At the request of the City of Wyandotte, DCC designed a comprehensive economic readjustment program for dislocated workers in July 1980. At first, the program served only workers from the plants that had closed -- BASF at Wyandotte, a chemical company, and the DANA Corporation, which manufactured frames for the Ford Bronco truck. Eligibility was extended in 1981 to workers laid off from three other plants in the area, increasing the total number of participants to 8,500.

One of the critical questions we faced in designing a training program was, "What do we retrain people to do?" We did what we call "trench warfare." We sought out small pockets of jobs, e.g., in the machine-tooling companies of our heavily industrialized area. We recognized that those businesses needed to be stable and expanding if our training efforts were to be successful and our people hired. Therefore, we put our emphasis on the employer, not the participant. The staff identifies potential employers, helps analyze their needs, and uses DCC's services to help solve their problems. In turn, they provide jobs in machine tooling, for which the DCC retrains workers. This pioneering venture was one of the first projects funded by the U.S. Department of Labor as a demonstration project; it will be refunded under the Job Training Partnership Act.

It soon became evident to us that if these firms were going to prosper and generate jobs, they had to expand their market. Most of them were suppliers to the automotive industry. Although they were looking for new products to manufacture and new markets, the majority lacked the expertise or staff to find them. We tried a variety of strategies to help. One of the most successful was a federal procurement program.

Our Congressional delegation was very concerned about the small share of defense contracts going to Michigan contractors. They asked DCC to help them develop one-day procurement conferences to teach operators of small businesses how to seek such contracts. We found, however, that a one-day session was not sufficient and, if anything, served to further confuse the plant operators about the governmental process and the tools available to them. When we surveyed 232 of the company representatives who attended the sessions, we found that 95 percent of those who responded said they needed more extensive assistance. We also found that most of the firms shared the following characteristics:

- Sales were gotten by word of mouth.
- The companies were not accustomed to marketing.
- They were not able to handle complicated forms.
- They were leery of doing business with the government.
- They were not familiar with the bidding process.

DCC used $77,000 in Employment Generating Services Funds under the Comprehensive Employment Training Act to launch a Small Business Assistance Center. Initially set up as an eight-month project, it was designed to parallel the service program for displaced workers, which covered the same period. The center has been open for 14 months and has provided service to 580 Michigan firms. After collecting pertinent information about a company, we worked with it as one would work with any client. The management information system used for this program is as important as one used in working with participants in a training program. Major prime defense contractors and the U.S. Army's Tank Automotive Command in Detroit helped us design the system.

Today, 68 of those 580 firms in our program have received 103 contracts totaling $21 million. This return on a $77,000 investment looks very cost-effective to us. Of the 68 firms, 50 percent of had never done work for the government before. In 85 percent of the contracts, firms made direct sales as prime contractors. Ninety-three percent of

these were military-related. We have a letter on file that indicates that at least one of these contracts prevented a plant closing.

In the federal government procurement project we encouraged firms to diversify their markets rather than their product lines. We found that the staples of these companies -- arm assemblies, rocker arms, engine mounts, and brackets -- had uses for the military. One contract was for $190,000 worth of locknuts. The overall need for hydraulic parts, tailgates, and welding equipment has not changed. For the 68 successful firms in our program, it was a matter of learning a different marketing system -- of finding a different customer.

We have received funds from the Michigan Department of Commerce and the U.S. Small Business Administration to expand the Business Assistance Center into a full-service, small-business center. This permitted us to provide a wide range of services to a wider range of clients. Our successful firms had an average of 16 active employees with an additional eight on layoff. They range in size from 2 to 28 employees. They are both union and non-union shops and tend to be metal manufacturers.

DCC has successfully demonstrated that one way an organization can leverage money is by helping on the business side -- serving as a broker between employers with a surplus work force and those who need employees. Although the procurement program has not had much impact on creating new jobs, it has enabled small firms to hire back those workers they laid off. To date, 21 placements have been made through our program with those companies.□

COMBINING ECONOMIC DEVELOPMENT WITH JOB PLACEMENT

William Donohue
Commissioner of Commerce,
New York State Department of Commerce

Worker displacement has been a factor in the economy of Buffalo and Erie County for the past three decades. In the 1970s, we were one of the few metropolitan counties in the United States that lost population. Approximately 144,000 people emigrated from the county.

To counter the effect of this severe decline, we established an industrial development agency that was highly centralized, non-political, and multi-jurisdictional. It had the authority to deal with major economic development issues. Equally important, it was able to hire a highly skilled, professional staff -- one chosen on the basis of merit, not political preference. When the private industry council was formed, the Erie County Industrial Development Agency (ECIDA) was asked to operate the council. This allowed us to combine job development and job placement.

In a comprehensive development stategy, there are three key ingredients to counteract the effects of dislocation. The first is a strategic plan. ECIDA adopted a classical plan for our community with a $400,000 planning grant from the U.S. Economic Development Agency. This plan guided the agency from the very beginning. The second element is coordination. Economic development efforts that span several communities must be coordinated. Such cohesiveness is critical because agencies can waste effort fighting unsurmountable difficulties. Third, an agency must hire a professional staff that is at least as competent as those of the banking, legal, and accounting firms with whom it will do business.

In three years, Erie County IDA has grown from an agency with an $8 million budget financed by revenue bonds to one with a $120 million budget based primarily on industrial financing.

A number of financial tools besides industrial revenue bonds have been developed to help companies expand. These include second-position, fixed-asset financing*, working capital, new-venture financing, and finanicing for firms in their second stage of growth. The IDA also has the ability to put a management team in business as the new owners of a company that otherwise would have left the county. It is critical that agencies have an inventory of financing tools such as these if they are going to encourage economic development. This is true if they are going to address the problems of the dislocated worker.

The Erie County IDA found that it needed to do much more than help arrange financing. It had to tackle all the major problems that faced industry in the area. Flour milling, one of the area's major industries, had particularly severe problems. Buffalo is the number one flour-milling city in the country in terms of economic value. This industry, however, has been declining steadily over the past several years, partly because of a lack of adequate transportation. For one thing, the mills required larger box cars than were available. Moreover, high freight costs made the Buffalo mills less competitive. To improve transportation for this industry, and thus curb the flight of the mills, ECIDA formed a partnership with Conrail.

But the flour industry had another problem. It suffered from Buffalo's poor image. The unfortunate stereotype persisted, not only in our area, but in corporate headquarters elsewhere in the country. This multiplied ECIDA's problems. The perception of the business climate had to be changed within the existing business community. To accomplish this, the IDA held continuing meetings with leaders of the community to apprise them of efforts being made by state and local groups to improve the business climate. Tours of Buffalo and environs were arranged so that out-of-town corporate executives could see what the area was really like. As a result of these visits, ECIDA was extremely successful in changing the attitudes of both groups.

The Buffalo community has dealt with all aspects of the dislocated worker problem. It has consolidated the efforts of the city and the

* A typical example of second-position, fixed-asset financing would be the use of funds from the area's Job Development Authority in which the prospect obtains 50 percent of the financing needed from conventional sources, with JDA assuming a 40 percent second-mortgage position, and with the client providing the 10 percent balance. Working capital is not a part of JDA or IDA financing; it must be obtained from existing, conventional sources.

county in one private industry council, which is linked directly with the Erie County Development Agency and the city of Buffalo. All of these groups signed a joint memorandum of understanding. Every time an industrial revenue loan, working capital loan, or fixed-asset loan, was issued the participating company was asked to develop a profile. The profile described the new jobs that would be available within the plant as well as the need to upgrade employees' positions.

It is regrettable that upgrading of employees' positions has been de-emphasized in the new Job Training Partnership Act. It is a big mistake from a policy point of view because we need to convince managers to maintain a continuing training program designed to improve their employees' skills and upgrade the work they perform. Funding under the act, and other laws, should be used as leverage to encourage companies to do what they should have been doing all along. Buffalo is a good example. Companies here had very little commitment to training; people simply went to work. Companies didn't worry about training them. States and service-delivery areas should consider setting aside some of their training money to persuade management that training not only benefits individual workers, but improves economic productivity.

A program that ECIDA ran for General Motors serves as an excellent example. Four hundred managers were trained in quality circles and 1,000 assembly line workers in robotics in preparation for starting a new, engine-assembly line. As a result, a permanent training center was developed at the GM plant. We found that the joint efforts of economic developers, the private industry council, and others had a significant impact on the upgrading process in many of our industries.

The private industry council has become one of the foundations of economic development in the community. It is setting up transition centers throughout the community to assist the dislocated worker. The existing educational, training, and social-service network does not meet the needs of the unemployed. Consequently, the private industry council must orchestrate various sectors of our society so that they can function as a complete system. One of the drawbacks continues to be the amount of labor market information, which is insufficient for matching the participants' training experiences with jobs that will be available. Buffalo is not alone in this respect.

A major issue remains: How do we build an economy? What action can communities like Buffalo take to improve this situation. Obviously, it will require a cooperative effort from all those who are able to marshal the region's resources. One of the more significant

efforts to date has been the estalishment of a Center for Advanced Technology at the State University of New York at Buffalo. The university has been designated as a center for the development of medical instruments and devices. This is one of seven centers for advanced technology that are designed to encourage development throughout New York State. This is only the first step, but it is an important one.□

REBUILDING A MANUFACTURING BASE

Roger S. Ahlbrandt, Jr.
Assistant Provost,
University of Pittsburgh

The structure of the economic base of southwestern Pennsylvania, an area comprised of 10 counties and about 3 million people, has changed in recent decades. An economy that was heavily oriented toward manufacturing has gradually shifted to one in which trade, services, and finance predominate. In 1950, manufacturing accounted for 36 percent of total employment; by 1980, its share had declined to 26 percent of total employment, and after two years of a recession, the share declined to 20 percent in 1982. During this period the greatest growth occurred in the services sector, which since 1969 has added almost 100,000 jobs.

The economic changes that have occurred and are ongoing in the region have had a significant effect on the types of job opportunities available to the region's work force. Blue-collar employment has declined for more than 20 years, and the decline will certainly continue. As a result, many individuals who are displaced from the declining manufacturing sector have found, or will find, that they lack the skills and, perhaps, the education to find employment within the service sector and the emerging high-technology industries. This structural unemployment problem is being addressed by the Ben Franklin Partnership program of the Commonwealth of Pennsylvania.

The primary objective of the program is to create new jobs through the rebuilding of Pennsylvania's manufacturing base. This will be accomplished through the formation of new industry and the revitalization of existing industry.

The Ben Franklin Partnership has funded four advanced technology centers throughout Pennsylvania. These are at Lehigh University; Pennsylvania State University; the University City Science Center in Philadelphia; and the Western Pennsylvania Advanced

Technology Center sponsored by the University of Pittsburgh and Carnegie-Mellon University. Our center is advised by a consortium council, whose members include representatives from colleges and universities, industry, labor, local government, economic development agencies, and venture capitalists.

The Pennsylvania state government, through the Ben Franklin Partnership, will provide $1 million annually for the next four years. All provided funds must be matched on at least a one-to-one basis from sources other than the state. Matching funds from industry will have to account for at least 60 percent of the match.

Our center has taken an integrative approach to job creation that involves three distinct components:

Research and Development The center sponsors joint industry-university R&D projects in the advanced-technology areas of robotics, biological and biomedical engineering, high-technology materials, coal technology, and metals.

Assistance to Entrepreneurs, Small Businesses, and Regional Industries The objective of this component is to help small-business owners and entrepreneurs start new businesses, raise venture capital, expand existing operations, or adapt their production facilities to new technologies.

Education, Training, and Retraining The aim of this element is to ensure the availability of high-quality education, training, and retraining programs to meet the labor force needs.

Not every activity of the center will involve all of these elements, but it is critical that new and revitalizing industries have access to a full range of management assistance, help in raising venture capital, and conducting training programs. This support structure is necessary to ensure that once new technologies are developed, they will be successfully transferred to the manufacturing process, thereby creating jobs.

Our region has many assets that can be utilized to attract new industry. These include an abundance of skilled labor, energy, and water. Our infrastructure, if it is maintained, can also be an asset. But resources are scarce. Therefore, economic developments will be most effective if they are targeted to specific industries, a strategy envisioned by the Ben Franklin Partnership. This is particularly important in the field of advanced technology, where it is essential to assemble a critical mass of companies that will create an environment con-

ducive to ongoing research and development and to the spinning-off of marketable ideas and new companies.

The Ben Franklin Partnership builds upon the research and technical strengths of the universities and the members of the consortium. It offers the opportunity to develop small industries that have significant growth potential for the region. This will assist in the rebuilding of the region's manufacturing base, and it will expand the employment opportunities for displaced manufacturing workers, new entrants into the labor force, and others who are currently unemployed. □

NINE

LESSONS FROM ABROAD

INTRODUCTION

In many industrialized countries, standard procedures for assisting displaced workers at plant closings and during permanent layoffs have been in place for some time. This chapter examines programs of Germany, Sweden, and Canada for helping laid-off workers return to productive jobs.

Anne Heald, associate program officer of The German Marshall Fund in the United States, provides this analysis of training and other services for dislocated workers in Germany and Sweden:

> *Germany and Sweden have made tremendous strides in developing policies and programs that maximize their economic and human resource potential. Part of what they have learned may be of benefit to the United States as we seek to resolve the issue.*
>
> *It is important to keep in mind that the German and Swedish programs play an entirely different role in political, social, and economic terms than their counterparts in the United States. There is a very strong commitment in both of these countries to the idea that it is preferable to work or be in training for work than to receive income support. This is viewed as much more productive and humane.*
>
> *There is also tremendous support for continuing high-quality training programs in order to remain competitive in the world market. As a result, these countries have devoted a substantially larger amount of their resources to very stable institutions that administer existing labor market policies. These policies include in-*

come maintenance, training, counseling, mobility assistance, and efforts, in some regions, to help firms convert to new lines of economic activitiy. These programs are largely financed through payroll taxes.

Because of the political and financial commitment to program stability, both countries have developed professional staffs of high caliber. These highly skilled cadres of dedicated people are not only in government services but in the trade unions and in the firms where much of the training takes place. Partnership is also a key ingredient, for the government, trade unions, and the firms are involved in the planning and the implementation of all the programs.

Four points need to be emphasized about the programs described by Dr. Harry Meisel, director of the Regional Labor Office of the Federal Republic of Germany, and Per Silenstam, head of the division of Labor Market Services of Sweden's Labor Market Board. These points are: (1) procedures for advance notification of plant closings involve the firm, the government, and the worker; (2) a collaborative, non-adversarial relationship between the firm, the unions, and government prevails in responses to the dislocated worker problem; (3) wide ranges of services are available under both these systems; and (4) the very fact that there are such systems in place allows for efffective response after advance notification of planning for displacement.

Canada's Manpower Consultative Service assists management and labor in plants facing significant decline or closing by forming labor-management committees to coordinate local efforts to solve displacement problems. A description of how these committees function and how they are assisted by officers of the Consultative Service follows the summaries of the German and Swedish programs.□

RETRAINING AND OTHER SERVICES IN GERMANY

Dr. Harry Meisel
Director, Regional Labor Office,
Federal Republic of Germany

Broad agreement exists within German society that mass unemployment is an evil that must be combated by nearly any means. One of the government's most important priorities is to keep or restore full employment by using the appropriate tools of economic, fiscal, and manpower policies. The present labor market situation in Germany is characterized by an under-utilization of manpower. About 2.5 million people who are employable and, in most instances, willing to work are out of jobs. The unemployment rate has climbed to 10.4 percent. There are an additional 1.2 million workers who are on short-time or part-time. Most of these have suffered a reduction in regular working hours and their wages have been reduced by at least 50 percent. In contrast, there were only 69,000 job vacancies known to the local employment offices at the end of March 1983. In light of this circumstance, one has to ask what kind of manpower policies and employment promotion measures can solve, or at least minimize, the present problems?

Short-time compensation is one of the most effective instruments used to influence a given labor market situation. Let's look at one example. A downturn in production, sales, or both can cause a decrease in work for a given labor force. The employer can decide either to lay off a certain number of workers or reduce the regular working hours of the entire staff. In the latter case, the local labor office has to consider whether or not short-time compensation should be offered in order to avoid larger layoffs. Short-time compensation can be granted only if the employer's situation meets the following requirements:

- The shortage of work is caused by economic conditions, including structural changes of the enterprise or inevitable occurrence (e.g., fire).

- It is unavoidable.
- It is not customary or caused by seasonal changes in the particular economic sector.
- It surpasses a certain minimum.
- It is supposed to be temporary.

If a company wants to reduce the regular working hours and claim short-time compensation for its workers, it has to give written prior notification to the local labor office. In most cases, a statement by the company's Works Council* is attached or is requested. Allowances are granted in relationship to hours worked. The maximum allowed is 68 percent of the net wage or salary that the worker has lost because of a work shortage. Allowances may be granted for a maximum of 6 months; however, under special circumstances, 24 months are allowed. Short-time work in combination with short-time compensation is a generally accepted instrument for adapting the labor force of a specific company to different business activities. It has been used in Germany since 1927 and is part of our unemployment compensation program. It is financed through contributions from wages at a rate of 4.6 percent, divided equally between the worker and the employer. The short-time compensation system is designed only to solve temporary layoffs. It is not useful for solving permanent dislocations in the labor market.

Let us now examine measures used in Germany to create employment opportunities. Our efforts to use public funds for consumption and production is as old as our unemployment insurance program. The philosophy of such a measure is to take the money that otherwise would be paid to the unemployed persons and use it for their re-employment by subsidizing their wages to a certain extent. This is accomplished in three ways.

The first one applies only to work that is in the public interest. Incentives are provided for work that would not otherwise be undertaken at all, would not be undertaken to the same extent, or would not be undertaken until a later date. Public corporations or private institutions that undertake such programs or create a means for them to be undertaken on their own initiative may be eligible for a subsidy from the local labor office. If an unemployed person who is referred by the local labor office is hired for the project, then a wage subsidy of at least

*The Works Constitution Act mandates that Works Councils be established in all companies employing more than five adult workers and whose members are, in most instances, members of the trade unions. The councils are well informed about whether or not the reduction of working hours can be avoided.

60 percent is granted. The subsidies cannot exceed 80 percent. Only individuals who are registered with the local labor office as being unemployed for at least six months can be referred for employment. The subsidy will normally be granted for one year; however, in exceptional cases, two years will be permitted. Among types of work that can be subsidized are clearing rubbish from the banks of lakes, rivers, and brooks; building, maintaining, and placing signs on footpaths in recreation areas; providing services for the elderly and handicapped; writing the history of municipalities; providing maintenance and care for alcoholics and drug addicts; and advising and providing shelter for women who have been abused by their husbands.

Wage subsidies for elderly workers are the second measure. They are provided to persons who are at least 55 years old, who are registered as being unemployed within the last 18 months, and have been unemployed for at least one year prior to receiving a subsidy. It does not matter what type of productive work is being performed by the individual or for what purpose, as long as he or she has been referred by the local labor office and is not displacing another worker. The subsidy in this case is normally 50 percent of the individual's wages. The amount of the subsidy is reduced each year by 10 percent and is terminated at the end of the year in which it has dropped to 30 percent. It is assumed that the employer will place the individual on its regular payroll at that time.

The last measure involves direct subsidies and loans to employers for the construction, extension, and equipment of buildings or departments within the structure intended for the employment of aged workers. The employer must agree to give older workers preference in hiring and make a financial commitment to the project. Loans, at a low interest rate, and subsidies together may not exceed 30 percent of the total costs. The subsidy cannot be granted if it will hinder free market competition.

These three measures are used only if funds are available. For 1983, we allocated $500 million for these measures nationwide. We anticipate that 56,000 otherwise unemployed individuals will re-enter the labor market.

While these measures are aimed at the creation of additional employment opportunities, Germany also has developed various incentives for hastening the re-entry of the unemployed into the labor market. These mechanisms include subsidies for such expenses as the costs of applying for employment, traveling and relocation and, also, transitional allowances until the first payday, and separation allow-

ances. All these benefits are granted only to the extent that the individual cannot raise the necessary money himself. In 1983, $125 million was allocated nationwide for this purpose.

In the early 1960s, many publications in Germany and elsewhere were predicting that rapid technical progress and new technological developments, such as automation, would cause a complete change in the nature of work. Actually, most of the traditional jobs, such as fitters, electricians, mechanics, and technical draftsmen, have retained their importance. Workers, however, are under greater pressure to adapt to change. This requires on-the-job training in simple skills as well as extensive, systematic advanced education and training.

These types of training are conducted mainly within the industry and craft itself. Employers independently finance such training regardless of whether it is provided by company personnel or an external resource. However, the government is assuming responsibility for addressing the consequences of structural changes in certain employment areas under the Arbeitsförderungsgesetz Act. Under this act, the government is attempting to create new industries and shift workers from shrinking industries, such as mining, steel production, and agriculture, to growth industries. The labor offices, not the companies, are responsible for initiating and financing appropriate training programs and making the services available to individuals who are either already unemployed or who face a definite likelihood of imminent unemployment.

The labor office purchases services from private firms or from private or public training centers. Maintenance allowances of up to 75 percent of the individual's last net wage or salary are paid to trainees. Only employees who are considered suitable are chosen for the training. The training must comply with the present and anticipated developments in the labor market and must not be designed principally to meet the requirements of an individual company. The last two provisions have caused many problems in the implementation of this act.

A special type of vocational training incentive -- the adaptation subsidies -- may be granted to private or public employers for unemployed people who can attain full efficiency in a given job only after a period of adaptation. An adaptation subsidy is not granted if the employer is obliged to bear these costs. It cannot exceed one year and normally is extended for six months. The amount payable for the entire period cannot exceed 80 percent of the remuneration payable according to a collective agreement.

For 1983, we allocated $1.6 billion nationwide for all kinds of training programs. In conclusion, I would like to answer two questions about the measures I have discussed. How and to what extent do they influence the labor market? What are the annual expenditures for them in relationship to the total budget?

The research division of the Federal Employment Administration has found that short-time allowances, job creation measures, and full-time vocational training and retraining measures have had a considerable effect on unemployment. On the average for 1982, unemployment was prevented for about 284,000 people. In 1983, it is estimated that the unemployment figures will be reduced by 363,000.

In response to the second question, the 1983 budget for the Federal Employment Administration, which includes the local and regional labor offices, is $15 billion, of which approximately $8.5 million will be spent for unemployment benefits and $2.5 million for vocational training, retraining, adaptation measures, and incentives to enter employment. These incentives include vocational rehabilitation for the handicapped. Job creation programs have been allocated $519 million and short-time allowances have been allocated $875 million.

Responses to Dislocation

The following two scenarios depict the application of a series of measures used when economic disruptions -- a massive layofff in the first case and a bankrupty in the second -- threaten severe dislocation.

Planning for Plant Layoffs

A producer of television picture tubes employed 1,600 people (88 percent male, 12 percent female). The work force included 950 unskilled workers, 70 semiskilled workers, 200 skilled workers, and 400 commercial and technical employees. Approximately 60 percent of the workers were foreign, and about 30 percent were older than 45.

In February 1981, the company informed the Regional Labor Office that within the next 12 months expected changes in the factory probably would result in the dismissal of workers. The company, thus, complied with the legal obligation in Germany to notify the government of future layoffs or shutdowns. There are no penalties for failure to do so; however, companies may be liable for paying the costs of retraining if they do not comply. In September 1981, a lack of orders forced the company to reduce the regular 40-hour workweek to 30 hours; later it was cut to 20 hours. Efforts to get new orders, espe-

cially from abroad, failed. The company applied for, and was granted, short-time compensation for its staff.

On November 24, 1981, the company notified the Regional Labor Office that it had to cease all business activities and dismiss all of its personnel because of severe financial losses. According to federal legislation, notices of termination to workers and employees exceeding a certain number become effective only after one month has elapsed from the time the written notification, together with a statement of the Works Council, has reached the Regional Labor Office. The law provides, however, for administrative actions that can make a notice effective upon its arrival at the Regional Labor Office or prolong it for two months. The decision is up to a board consisting of two representatives each of trade unions, employers' associations, local authorities, and the director of the Regional Labor Office, who serves as chairman.

In this case, the board decided to prolong this period until January 24, 1982, on the ground that the labor market situation in this city was worse than the average rate of the whole region. The board also felt that the labor office could have been notified earlier.

Immediately after the notification to the Regional Labor Office, the local and the neighborhood labor offices started to find new jobs for the workers. They offered adaptation subsidies to other employers who were willing and able to employ the dismissed workers. Retraining courses were offered in a training center of the Chamber of Industry and Commerce. For some workers, age and other factors were barriers to placement. Measures to create employment opportunities were initiated for them.

Because of the continued unsatisfactory labor market in this district, all those activities had only limited success. From a total of 1,600 workers of the television tube factory, 200 skilled workers could be placed immediately after their dismissal and, therefore, had no need for financial aid. Another 400, mostly unskilled workers, were placed on similar jobs, partly by paying adaptation subsidies. Of the foreign workers, 200 returned home. Retraining courses were held for 120 workers. About 700 workers remain unemployed and draw unemployment benefits.The range of possible measures for individuals may be demonstrated by the following actual cases:

- Male worker, 41, formerly a skilled cabinet maker, worked for the television tube factory from 1964 until 1982. His last position was as a foreman. He was registered as unemployed from April 1 to August 15, 1982, and was placed by the local labor office on an indefinite job as cabinet maker and building joiner. The new em-

ployer got an adaptation subsidy of 50 percent of the net wage for six months because the employee had not been a cabinet maker for 18 years and had lost many of his skills.

- Male worker, 43, unskilled, worked for the tube factory from 1963 until 1982. He was unemployed for 12 months. On March 15, 1982, he was placed by the local labor office on a job as a grinder. The new employer got an adaptation subsidy of 50 percent of the wage for this man for six months.
- Twelve unskilled Spanish, between 25 and 30 years of age, worked at the assembly line of the factory for six to ten years. They were dismissed in January, 1982, and were unemployed for more than ten 10 months. They were presently retrained, on behalf of the local labor office, as welders. The training took place in a center of the Chamber of Handicraft in another city. Placement will be possible if they are willing to move to another district.
- Fifteen German males, unskilled workers, between 25 and 45 years of age, worked at the assembly line of the television tube factory for 10 years. They were unemployed for six months and retrained as metal workers (18 months) in a training center of a private firm on behalf of the local labor office. Expenses for the retraining and maintenance were granted.

Response to Financial Failure

A producer of cooking stoves and baking ovens employed 1,850 persons, of whom 450 were salaried employees. About 30 percent of them were over 45 years old.

In September 1982, as required by law, the company informed the Regional Labor Office that within the next 12 months expected changes in the factory would probably require dismissal of workers and salaried employees.

In October 1982, the company filed a bankruptcy petition at court. All business activities were stopped on October 7, 1982. Workers' and salaried employees' contracts were terminated between October 31, 1982, and June 30, 1983. The Works Council filed no objection because of the company's poor financial situation.

The pertinent board of the Regional Labor Office agreed to the upcoming dismissals and the dates when they would become effective. This was important for the dismissed workers because claims for outstanding wages and salaries were being preserved. (In this context, it is instructive to examine a regulation that obliges the labor office to

pay the outstanding wages and salaries up to three months prior to the date of filing a bankruptcy petition at court. The so-called bankruptcy-losses benefits are being paid out of a special fund to which all employers have to contribute and which is operated by the labor service.) Immediately after the bankruptcy was filed, efforts were started by the trustee to find another company to take over. The new company, which started business activities at the end of December, 1982, hired 1,100 former workers and salaried employees of the bankrupt firm. Another 100 workers were placed by the local employment office on other jobs. Approximately 400 unskilled and 150 skilled workers are still unemployed and draw benefits. One hundred workers and employees are participating in retraining measures. Examples:

- Twenty commercial employees are being trained to use the newest methods and machinery in bookkeeping, accounting, and electronic data processing. The training course is being organized and executed by a private firm on behalf of the local labor office.
- Twenty skilled metal workers and electricians are being retrained for six months to operate sophisticated electronic-based machinery. The training takes place in a training center run by the Chamber of Handicraft on behalf of the local labor office.
- Twenty unskilled workers between 24 and 35 years of age started a 24-month retraining program to gain the qualifications of engine fitter. This training is being conducted by a non-commercial organization and ends with an official examination by the Chamber for Industry and Commerce.
- A skilled poster artist, 48, worked from 1954 to 1982 as a helper in the printing division of the firm. After having been dismissed and unemployed for four months, he was placed on a job as a sieve-printer in a special firm. An adaptation subsidy of 60 percent of his wage was granted for six months.□

GOVERNMENT COORDINATION IN SWEDEN

Per Silenstam
Head, Division of Labor Market Services,
Labor Market Board, Sweden

Labor Market policy is part of the government's economic policy to maintain rapid economic progress, full employment, a stable monetary value, balance in Sweden's payments to and from foreign countries, and an equitable distribution of incomes. The Labor Market Administration is responsible to the cabinet and the Department of Labor for implementing government labor market policy. The administration includes the National Labor Market Board (Arbetsmarknadsstyrelsen, AMS), the county labor boards, and the employment services. Thus, all labor market policy programs are handled by a single government administration.

In principle, the public employment services handle all job placement tasks in Sweden, since private employment agencies are forbidden. A company is not obliged to hire a person referred to it by the employment services; it may recruit employees itself. Representatives of management organizations and labor unions are on the boards of directors at all levels of the Labor Market Administration.

Among the types of programs the administration provides are computerized placement services to bring together employment openings and job seekers, employability assessment centers (centers for vocational rehabilitation) for job seekers with reduced capacity, and labor market training.

Labor market training is especially designed for those who are unemployed or in danger of becoming unemployed, often because their companies have closed down. A special type of training called "bottleneck training" is provided to increase the supply of skilled people in important fields where there is a shortage of labor. One may register for such training without being unemployed or in danger of losing one's job.

Most labor market training is arranged by the National Board of Education at the request of the National Labor Market Board. Labor market training courses are taught at special training centers. Some 600 curriculums cover most occupations plus basic theoretical education. More than 1 percent of the labor force was involved in labor market training in February 1983. Individuals who are unemployed or are in imminent danger of losing a job and unable to obtain other employment in their home area are eligible for resettlement grants.

Programs to create and maintain employment include relief work, respite orders to industry, and grants for detailed planning and investment reserves. Relief work consists of temporary jobs for people who cannot find regular employment during seasonal declines in business activity. The volume of relief work grows during recessions. In February 1983, 1.7 percent of the labor force was in relief-work programs. Relief work is similar to public service employment in the United States, except that these jobs always pay regular wages.

When employees are dismissed or laid-off from an enterprise -- after the obligatory union negotiations -- the employment service has the task of finding them new jobs. All employers are obliged by law to notify the county labor board as soon as possible of cuts that affect five or more employees and to list those to be dismissed. If more than 25 employees are to be dismissed, notice must be given earlier, up to a maximum of six months for 100 or more. During this period, the employment service has to find solutions for all the people concerned. Obviously, circumstances vary from case to case and the steps taken by the employment service have to be adapted to the conditions surrounding each personnel cut.

Easing the Transition

The following studies show how public and private resources in Sweden were applied to alleviate labor market conditions caused by sharp retrenchment in two declining industries. One case deals with the close of a community's largest employer and the other with a major work force reduction that is part of the continuing decline of a region's prime industry.

Closing a Shipyard

In response to global changes in the highly competitive shipbuilding industry, the Swedish parliament, in June 1981 decided to close two shipyards of the state-owned Swedyard Corporation. This report summarizes the impact of the closing of the Oresund Shipyard

in Landskrona on the shipyard's 2,500 employees and on the economy of this manufacturing community of 36,000 on the straits between Sweden and Denmark.

Before the decision to close was made, the shipyard was the city's main industry, employing 15 percent of the working population. A fourth of the shipyard's employees where white-collar workers; the remainder included engineering workers, welders, sheet-metal workers, electricians, and other types of blue-collar employees. To plan for the orderly retraining and re-employment of workers who would be dismissed during a two-year close-down procedure, the labor board of the surrounding county of Malmohus established a special consultation group made up of representatives of the employer, the unions, the labor board, and local authorities. Meantime, at the shipyard the employer and the unions jointly formed three work groups. One was responsible for negotiations during the closing. Another sought to ease the transition of employees to other permanent jobs. A third studied the retraining needs of the workers. The employment service established an office at the shipyard with a five-person staff that worked in conjunction with a job-seeking team drawn from the work groups. This team has been particularly successful in placing blue-collar workers.

To extend the close-down period, the Labor Market Administration made a special adjustment grant to the employer covering 75 percent of the total wage costs of 400 workers for six months. This made it possible for the company to pay half the wages of workers who left for another job during the six-month period. The grant could also be used to assist workers who took leaves of absence to look for other jobs.

A team from the Employability Assessment Center was based at the shipyard to give tests, assess workers' skills, and make referrals for placement in training or jobs. Because most of the shipyard workers have skills that are highly specialized and not easily transferable, facilities for training were expanded and reinforced. Retraining courses were conducted by voluntary educational associations and the school system, and by representatives of the Labor Market Training Center. The wide range of training programs included courses for engineering workers in techniques of heating, plumbing, and ventilation. Welders were taught new methods. Some workers shifted to trades totally unrelated to shipbuilding; some became butchers, for example. Others enrolled in "start-your-own-business" classes.

New jobs were generated in Landskrona by Landskrona Finance Incorporated, an umbrella development corporation established by

public and private stockholders. As of March 1983, this firm had founded 50 new companies in four categories: mechanical, engineering, and industrial firms; consultancies and design and marketing concerns; service companies; and ship-repair and spare-parts companies. About 550 former shipyard workers have been hired by these new companies, some of which are quartered in industrial buildings vacated by the retrenching shipbuilding company. One of the new firms, Landskrona Production Company, concentrates on forming still other new businesses. It has recruited 40 white-collar workers and 160 blue-collar workers from the shipyard, primarily elderly and occupationally handicapped workers. The Labor Market Administration makes grants covering 75 percent of the salary of handicapped workers during their first year of employment, gradually reducing this subsidy in subsequent years. About 20 occupationally handicapped shipyard workers found sheltered employment in the Foundation of Swedish Communal Industries.

By the middle of March 1983, about two years after the first notice of dismissal, 60 percent of the work force of the shipyard were employed in new jobs in the regular labor market; 22 percent still work at the shipyard; 7 percent were in labor market training; and 7 percent were unemployed. Sheltered employment, relief work, military service, and other types of adult education account for 1 percent each. A third of those still at the shipyard are 58 years old or older and will probably apply for early retirement

Retrenchment in the Iron Ore Fields

Sweden's iron ore fields are in the towns of Gallivare and Kiruna, communities with a combined population of 54,000 in the county of Norrbotten in the northern part of the country. The owner of the ore fields, and the main employer in these towns, is LKAB (Luossavaara-Kirunavaara, Inc.), a government-owned company that employed 6,200 in mid-1982. Employment in the iron ore fields has fallen by 1,600 since 1976, when the first sign of a decreasing ore market was noted. The unemployment rate in the county of Norrbotten reached 6.9 percent in 1982, compared with 3.2 percent for all of Sweden.

In the fall of 1982, LKAB gave notice of dismissal to another 800 employees. This prompted the government to develop a plan for improving labor market conditions. The plan received parliamentary endorsement in March 1983. Parliament authorized expenditures totaling $535 million, including $40 million for labor market policy programs. The programs will be in effect for three years.

To adjust the size of the work force to the current level of production, LKAB set up an "organization for special projects," to which it transferred the 800 workers scheduled for dismissal. A group representing the company and the unions is responsible for finding special work assignments for these employees.

Parliament authorized the employment service to recruit 50 extra placement officers for a new office to be set up in the iron ore fields. The office, to be located in one of LKAB's buildings, will be equipped with computer terminals for searching out vacancies and matching qualified employees. Its staff can draw on the services of five teams from the Employability Centers. A board consisting of representatives of the Labor Market Administration, the employer, the unions, and authorities of Gallivare and Kiruna will monitor the work of the office. Two or three members of the board will work full time to find jobs for the workers who are to be dismissed.

The employment service in LKAB will get extra funds to purchase training services from the regular school system and private companies. The local board of the Labor Market Training Service will have greater than normal flexibility for starting new training programs, which are likely to include such courses as a "start-your-own-business" seminar. Graduates of training courses will receive $550. Relief work, for which the Labor Market Administration pays 75 to 100 percent of the wages of an unemployed worker, can be arranged. Or trainees can perform relief work and attend training sessions on alternate weeks.

To ease the disproportionately severe job transition for the elderly and occupationally handicapped, the government makes grants to employers that cover 90 percent of a handicapped worker's wages for the first year and 50 percent for subsequent years. As in the case of the dismissed shipyard workers of Landskrona, the Swedish Communal Industries tries to find opportunities for sheltered employment in the iron ore fields.

In addition to the normal resettlement grants of $225 for single persons and $450 for families, a special allowance of $7 a day for single persons and $10 for families for is given up to a year to LKAB employees who relocate. The Labor Market Administration will also pay the cost of roundtrip transportation for monthly trips to their original homes. In some parts of Sweden, the administration is authorized to buy the homes of relocating employees unable to sell them before they start new jobs in other areas. Normally, the administration pays the

owner the assessed value of the home, but in the iron ore fields, the owners also will be paid for their home investments .

Other steps the government has taken, or will take, to strengthen the economy in the county of Norrbotten include:

- An extensive grant to LKAB to cover depreciation of its plants and goods in stock as a result of its extension of the time of the notice of dismissal.
- Investments in a steel company in the county.
- Reduction of payroll taxes. In one part of the county, payroll taxes have been suspended for 10 years on newly created jobs.
- Stepped-up public investments.
- Relocation of administrative staff from other parts of the country.
- Additional funds for research and development for the University of Lulea, an activity that is expected to stimulate the economy of the county.□

CANADA'S FEDERAL LABOR-MANAGEMENT APPROACH

A.L. Cobb
Senior Director,
Canadian Employment and Immigration Service

The Canadian Manpower Consultative Service (MCS) is a voluntary service funded by the Canadian federal government to assist companies experiencing labor adjustment problems. A neutral third party, MCS brings labor and management together at the company level to develop mutually beneficial solutions to issues such as layoffs, plant closings and slowdowns, training for new technology, high turnover, absenteeism, and working conditions. Although MCS is a federal program, its major role is to stimulate and support local manpower adjustment efforts. The service does not become directly involved in the collective bargaining process.

Established in 1963, MCS is a unit of the Canadian Employment and Immigration Commission. The commission has responsibilities comparable to the U.S. Department of Labor and the U.S. Immigration and Naturalization Service. MCS operates on five fundamental principles:

- The adjustment of workers is best accomplished by those directly involved -- the employer and workers acting together.
- Government's role is to encourage the joint management-labor action and to provide the coordinated application of other government programs as support to the private sector measures.
- Effective worker adjustment requires advance planning and lead-time. Companies are required to notify government in advance of layoffs and shutdowns.
- Adjustment means finding jobs for people as quickly as possible, with a minimum of economic and social disruption.
- Maximum flexibility and non-bureaucratic operation are encouraged.

Regional MCS case workers work independently in each of Canada's provinces. Occasionally, a company takes the initiative and approaches MCS about a manpower problem. More often, MCS case officers contact the companies first. The case workers are aware of problems because provincial and national law requires that Canadian firms notify the relevant ministry well in advance of a slowdown or closing. In addition, firms must notify immigration officials if they intend to hire workers who are not Canadian nationals. MCS decides where and when it will intervene, but participation is entirely voluntary. The only criterion is that both labor and managment must agree to cooperate. The MCS does not operate in situations where there are active labor-management disputes or where collective bargaining is in progress. The process includes the following steps:

Establishing the Process The local MCS official proposes to labor and management that a mutual problem exists and that they form a committee to address this problem.

Joint Agreements The MCS official helps both parties draw up a joint agreement authorizing the participants to create a Manpower Adjustment Committee, which has specific and mutually agreed-upon powers and responsibilities. Both parties sign the agreement with MCS and the provincial government. The agreements are usually in force for one year, though most problems are solved within six to eight months.

Manpower Adjustment Committee The committee consists of an equal number of labor and management representatives, a neutral chairman, and an MCS adviser. The committee develops plans to solve specific problems and oversees their implementation. A committee chairman, usually a retired manager or labor leader with experience in human resource planning, is selected by management and worker representatives and, after approval by MCS, is hired to monitor the process and preside over all committee meetings.

Committee Work Plan The MCS officer helps the committee define the relevant problems and determine possible alternatives and solutions. The committee then develops a work plan and decides how to implement it. Members typically monitor the progress of the area that they represent and report back to the committee every two or three weeks. If the problem is a slowdown or layoff, a section of the work plan specifically addresses placement activities. These activities can be divided into four steps:

- The committee sends an information packet to all affected employees inviting them to participate in placement activities. This contains a questionnaire, a personal data sheet, and a job-hunting kit that includes job search advice, resume preparation guides, and sample resumes. Typically, 70 percent of the workers request assistance.
- Those who request assistance are interviewed individually by committee members to determine the need for counseling, training, referral, or relocation. Those requiring counseling or retraining are referred to employment centers, the Canadian counterpart of the U.S. state employment service. The centers provide job search workshops and training.
- Working with employees and management, the committee members inventory all employees' skills and work preferences.
- The committee develops a job network to identify possible placements for the employees affected by the closing or slowdown. Committee members use the employment services, news media, and personal and business contacts to develop job leads. They also rely on union representatives to set up interviews for the workers. A concerted effort by management and the union greatly increases the likelihood of early successful placements. The committee meets periodically to review progress, exchange leads and information, and issue letters, bulletins, and notices to keep the workers apprised of their efforts. It has been found that the committees are responsible for the almost immediate placement of about two-thirds of the workers they serve. The placement is often made through the efforts of union or management representatives.

Mobility Agreements When it is necessary to relocate displaced workers, the committee may decide to draw up a mobility agreement, which provides for MCS to reimburse a percentage of relocation costs. The contribution from MCS is usually matched by contributions from labor, management, and the provincial government.

Termination of the Agreement Most problems are solved within six to eight months. However, some, particularly plant closings, may not be solved before the creation of another agreement. There are provisions for creation of another agreement if all committee members decide it is necessary.

MCS is a relatively small agency with an annual budget of approximately $5 million plus the salaries of some 90 officers and other operating expenses. Each year, more than 400 agreements covering

200,000 employees are signed by companies and their workers. Sixty-seven percent of the agreements are signed in communities with 50,000 or fewer people. Slightly more than half of the cases deal with plant closures and layoffs while the balance covers technological change, employment expansion and work force performance improvements.

Significantly, in all cases, 64 percent of the committee activities are devoted to the placement of workers while 40 percent involve the investigation and analysis of human resource weaknesses within the company. Training remains the most important auxiliary activity to both initiatives. The average committee's life span is about one year. With an average cost to government of $10,000 to $15,000 per agreement, it is a relatively inexpensive solution when one considers the number of people who find employment. The costs are kept low because government plays the role of catalyst, with the private sector doing most of the work.

The MCS has demonstrated consistently that labor and management can work together to identify and implement solutions to the problems of the displaced worker. An excellent example of MCS and this partnership-building process can be seen in action taken to cushion the impact of a major layoff by the Ontario Division of INCO, Limited. The division has operations at Port Colborne, Shebandowan, and Sudbury.

INCO is the largest producer of copper in the Free World. It is also a substantial producer of precious metals and cobalt and a supplier of high-performance alloys. INCO employs 26,000 people in 21 countries. Since 1980, sales and overall business performance have substantially declined. Net sales declined from $2.1 billion in 1980 to $1.2 billion in 1982; the company reported losses of $470 million in 1981 and $204 million in 1982.

The United Steelworkers of America is the official bargaining unit for Ontario employees of INCO. The union, which represents heavy industry, basic steel, mining, and smelting, has experienced an overall decline in membership throughout the world because of the recession. In 1980 there were 11,700 members at INCO; only 8,600 in 1983.

Poor labor-management relations at INCO-Ontario had been frustrating to all parties. Between 1962 and 1982 there were five work stoppages, the longest lasting 261 days in 1978-1979. Efforts by both sides to improve relationships during the 1970s and early 1980s met with limited success.

Poor business conditions caused a continued decline in employees within the Ontario division, from 14,800 in 1980 to 12,200 in 1982. The situation was bleak.

In 1982 MCS became involved when a work force reduction of 850 employees was announced. In a relatively short time it had a demonstrative impact on labor- management relations. The agreement was signed in February of 1982, and the adjustment committee was established. Its responsibilities include:

- Development of a plan for the reduction in employment levels.
- Creation of such alternatives as retraining, relocation, alternate employment for affected workers.
- Examination of the community impact of forced adjustments.
- Examination of long-term labor requirements in terms of technological and skill changes.

The process at INCO followed the steps already described. The following outline shows why the process was successful and suggests some of its limitations, benefits, and results.

Why Does the Process Work?

- The parties develop a commitment to reach a mutually agreeable solution.
- The manpower adjustment committee deals with issues in a non-confrontational manner.
- The committee coexists with the adversarial collective bargaining process.
- No severe time constraints are placed on the participants.
- A third-party presence reduces the risk of confrontation.
- Community and government support are assured.

What Are the Risks and Weaknesses?

- The committee must deal with sensitive political issues.
- Polarization of parties could result.
- Parties can use the committee as a forum for presenting unresolved issues.
- Mishandling of sensitive issues could negate trust.
- The union may not accept the committee recommendations.
- Company management may not accept the recommendations.
- Only limited resources are available for addressing complex issues.

What Benefits Have Been Gained?

- The committee has sustained a process of positive interaction that involved joint problem solving and disclosure of information.
- Government assistance programs have been applied .
- Government presence facilitated interpretation and application of legislation.
- The committee's balanced representation made it possible to examine sensitive issues.
- The parties have been encouraged to jointly develop and examine innovative solutions to complex problems.

What Results Have Been Achieved?

- Job creation initiatives resulted in the following placements:
  a. An INCO tailings project (20 workers)
  b. An INCO tree-removal project (17 workers)
  c. A regional land reclamation project (200 workers)
  d. A big, nickel-mine development (135 workers)
- Other job creation projects were explored.
- Apprentice training continuation assistance was granted.
- The government sponsored an employee-counseling program.
- An intensive, work-sharing study was conducted of the Manitoba Division .
- INCO assisted in designing a community college training program.
- Union-management relations were improved.
- Community relations were improved.

The Following Table Quantifies the Results Achieved by the Alternatives to Layoffs Made Possible by This Process:

Announced reduction	850
Special voluntary early retirement	544
Training and research programs	25
Employee transfers	66
Sabbatical leave (one year)	27
Employees with essential skills	22
Attrition	10
	694
Actual manpower reduction	156

The long-term and important benefit of the adjustment committee has been the growing trust between management and labor and the emphasis placed on the best interests of the individual, not the company or the labor union. MCS, in the case of INCO, as well as in many others, has demonstrated that it is indeed a worthwhile, cost-efficient, and effective government program to stimulate and support private sector solutions to labor adjustment.□

APPLICATIONS OF THE CANADIAN EXPERIENCE

Robert B. McKersie
Professor of Industrial Relations,
Sloan School of Management,
Massachusetts Institute of Technology

What are some of the critical features of the Canadian Manpower Service, and under what circumstances could this agency's approach work in the United States? For one thing, U.S. counterparts of the Canadian labor-management committees would require funding. It is unlikely that such funds would come from hard-pressed businesses forced to cut work forces. I took part in one state-funded effort to limit dislocation as a result of a major business retrenchment in New York. In that instance, the state provided $1 million over three years to underwrite the types of activities that were conducted at INCO in Canada. Those funds financed much of the required employment monitoring, retraining, and other services, all of which were overseen by a labor-management committee.

It is unlikely that there will be funds under Title III of the Job Training Partnership Act for the kinds of overhead and administrative activities that projects of this sort require. It is conceivable, though, with some imagination and some revision of the provisions for labor-management cooperation that have been built into several laws in this country, that funding could be achieved. It may be possible to allocate seed money and support money to permit local labor-management committees to carry out some of the functions of the Canadian Manpower Consultative Service.

A second facilitating condition is adequate advance notice of plant closing and layoffs. A committee dealing with serious dislocation needs time to work. Typically in Canada, companies give advance notice of approximately four months. Given the limited opportunities in the current labor market and the level of dislocation, ample advance notice is needed to mobilize support services, such as counseling, to facilitate effective job transition. Advance notice provides time

for workers soon to be displaced to line up another job or to be retrained.

Despite the advantages of the Canadian approach, we should be cautious about the program, for it is oriented primarily to the supply side. Essentially, labor-management committees act as advocates for the workers who are being displaced. Their approach cannot take into account all of the other functions that have to be performed on the demand side of the labor market. Such a committee may be aware of some of the job opportunities, particularly in the "hidden" market. Indeed there is a great advantage in having business executives talk to other executives or labor leaders talk to their counterparts; they often learn about job opportunities that are not formally posted. But they don't have the labor-market-wide perspective. They are not in a position to make basic changes in career direction or to establish major retraining programs. Nor are they in a positon to deal with severe emotional problems, although they can recognize such problems and refer those who need help to appropriate agencies. Thus, they are an advocacy group which is in a position to link into the other organizations of the labor market that ultimatley play the key role as the provider of services.

Let us deal more directly with the experience of INCO. It is representative of a trend that is becoming apparent generally in North America. Besides performing their traditional collective bargaining roles, unions are providing technical assistance and other kinds of help to their members and becoming involved on a collaborative basis with management. Unions in this country are establishing crisis centers, providing special insurance programs for those who have lost their health care, and conducting retraining programs. This trend relates to a broader theme that has a rich historical content, namely labor-management cooperation. During the 1920s and again during World War II, labor-management cooperation helped solve some very important problems. In the 1980s, we again see this development coming on very strongly. It can be seen on the shop floor in the formation of quality circles, in technology committees, in human resource planning, and in the monitoring of labor markets. The INCO committee structure is, in a sense, a part of a new development in labor-management relations in North America. Some fascinating principles are evolving from the activities of these committees, which hold regular meetings, set agendas, and adopt formal procedures. Some of these committees insist on unanimity; nothing moves forward unless everyone is on board. Their advisory role is

especially important. A new body of knowledge is developing as a result of efforts to determine how to get the best of this consultative process.

In summary, we have something to learn from the experience of labor-management committees north of the border. Lessons can be drawn both from those cases where the committees function as advocates of displaced employees and from those in which their agendas are open ended and both management and unions pursue long-term goals.□

TEN

GETTING STARTED:

Lessons from Pilot Projects

INTRODUCTION

The demonstration program is the governmental equivalent of the pre-Broadway opening of an important theatrical production. Just as the out-of-town preview reveals the show's strengths and weaknesses before it has to play to the New York critics, a pilot project, given short-term funding and a limited mission, can show policy makers and Congress the merits and flaws of a federal program before it becomes effective nationwide.

To test a range of potential job search and retraining approaches that might be undertaken under Title III of the Job Training Partnership Act, the Department of Labor in September 1982 chose six widely scattered sites for year-long demonstrations. The sites chosen are Alameda County, California; Buffalo, New York, Lehigh Valley, Pennsylvania; Milwaukee, Wisconsin, Mid-Willamette Valley, Oregon, and Yakima County, Washington. The programs vary somewhat in grant size and number of participants. With the exception of Milwaukee, which is limited to placement and on- the-job-training, there are strong similarities in the services they offer and the way they process clients. As Labor Secretary Raymond J. Donovan has noted, these six projects, funded at a total cost of $7 million, will serve nearly 4,500 workers who have been permanently laid off.

A report by consultants of Abt Associates, Inc., shows that participants in most of the demonstrations progress through a series of stages that include outreach and recruitment (done primarily through letters to laid-off workers); orientation sessions for individuals or groups; testing (usually standardized technical and scholastic apti-

tude tests); enrollment; assessment of the enrollees' skills; workshops in job-seeking skills; retraining in classes, small groups or on-the-job training, and relocation in the limited number of cases in which participants are willing to move.

Resource centers containing listings of available jobs, classified sections from newspapers and, sometimes, computer terminals linked to state employment service job banks are available to the participants at most of the demonstration sites. The enrollees are assisted by job developers who attempt to locate jobs in the area that match the skills of the enrollees. The participants are usually referred to community social service agencies for such supportive services as personal and family counseling or food stamps.

In an interim report on the demonstrations, the consultants characterized the average participant as a prime age male who was making a fairly high wage at layoff, depends little on public assistance aside from UI (unemployment insurance) and SUB (supplemental unemployment benefits), and has graduated from high school, although this probably occurred many years in the past.

In a footnote to this composite profile, the consultants suggest that high school graduates enrolled in the pilot programs might be handicapped as a result of years of disuse of such academic skills as reading and mathematics. Edward Chiera's review in this chapter of the Alameda County program underscores this observation. He notes that 63 percent of the program's 444 enrollees who identified themselves as high school graduates were ranked in fourth-to-sixth-grade levels in reading and that a third of all those tested were ranked in the same range in math performances.

Speaking at the National Dislocated Worker Conference, Harry Reeverts drew a statistical close-up of the "typical dislocated worker" in the Buffalo area based on the program's records. This picture shows the average participant to be 38.6 years old, a high school graduate, and one of 3.6 family members. He or she had been unemployed for 38.5 weeks and had been earning $11.12 an hour when laid off.

Of the Buffalo program's enrollees, 50 percent are veterans, 25 percent of whom served during the Vietnam era; 69 percent are economically disadvantaged, although only 1 percent had previously participated in programs for the disadvantaged under the Comprehensive Employment Training Act; 67 percent own their own homes; 78 percent are married, and 19 percent are high school dropouts.

Besides revealing statistical profiles, the six demonstrations provide insight on matters program managers can expect to encounter

when the Job Training Partnership Act becomes operational nationwide. Two examples:

Experiences of the Milwaukee Re-employment Corporation suggest that staffs will need to allocate substantial blocks of time to job placement. Program Director Carl Chavez told the Dislocated Worker Conference: "We're finding that to get a placement it takes about sixty calls."

Michael Mallahan, his counterpart in Yakima County in central Washington State, told the conferees his staff found that in traditional interviews most program participants "overlook skills and abilities that are highly marketable." Using computerized vocational information, the staff develops for each participant a "combined ability profile based on a detailed assessment of his or her skills, abilities, educational background, and interests."

Edward Chiera's description of the Alameda County program is followed by Robert Soter's discussion of Operation JOB Search in the Lehigh Valley and Judy Miller's report on the demonstation in Oregon's Mid-Willamette Valley. □

ALAMEDA COUNTY:

Coordinating a Complex Partnership

Edward Chiera
Director,
Alameda County Training and Development Board

Alameda County is located in the San Francisco Bay area. Our demonstration program for dislocated workers included four service centers. Plants affected by this jointly funded project include the General Motors assembly plant in Fremont, which might reopen in 1984; the Caterpillar Tractor Company, which has approximately 900 workers on permanent layoff, and two smaller plants that have been closed down. In recent years, some 20,000 jobs have been lost due to plant closings. This demonstration project is the third initiative in the county since 1978 aimed at counteracting the effect of plant closings. Our project was one of the models Congress examined in drafting Title III of the Job Training Partnership Act.

Our program is a public-private venture involving four partners--General Motors, United Auto Workers International, the State of California, and the Alameda Private Industry Council. Funds totaling $9.5 million consist of a $1.5 million demonstration grant from the U.S. Department of Labor and $4 million from the GM-UAW Training Fund, which will be matched by the State of California. Under a coordinated management system, I share administration of the project with a manager of the GM-UAW program and a representative of the California Job Service.

The program is employer driven. The private industry council gave us clear instructions that no training can start until we have clear job commitments or pledges from employers. Once commitments are made, we proceed to negotiate performance contracts with private and public providers of vocational training. Our agency is part of an integrated system that also includes the four displaced workers centers of the California Job Service and the GM-UAW employment and training office.

The goal of the Alameda County demonstration project, which started on November 15, 1982, is to enroll approximately 3,000 of the 8,000 workers currently displaced in our area in job search and retraining activities. By spring of 1983, we had registered more than 2,500 workers and had contracted the training of nearly 300. Other programs are providing training for 369, and 1,313 have been deemed job-ready after receiving job service assistance. The average hourly wage rate of program participants was $11.38 before they lost their jobs. The average wage of those we have placed is $7.05.

We have developed an automated management information system that includes an on-line computer tied by telephone to four dislocated worker centers in Alameda County and two in Southern California. The software for this project was developed very rapidly through the efforts of a brilliant systems person General Motors made available. The system uses a job services data base, that would be applicable to programs in other states that rely on their employment services for intake facilities. There are some 20 management information reports. They can provide demographics. For instance, our project primarily serves males, primary age workers, and high school graduates or those with general equivalency degrees. Most of them receive unemployment compensation.

In responding to queries, our computer supplies some very specific information. We're finding, for instance, that a number of registrants don't have sufficient basic education to benefit from training. We studied the results of one of the tests to get a profile of these people. We found that 710, or one-third of the 2,134 tested, did not have the minimum skills of a seventh grader. Their math reasoning was between the fourth and the sixth-grade levels. Forty-four percent of these were 35 through 44 years old. Another 444, or 63 percent, claimed to be high school graduates. However, their reading ability was ranked at fourth-to-sixth-grade level. These findings, indicating there is a need for basic remedial education, are tremendously helpful in planning our services.□

LEHIGH VALLEY:

Operation JOB Search

Robert Soter
Director,
Operation Job Search

Operation JOB Search is one of the six pilot projects funded by the Department of Labor for dislocated workers. It is a public-private partnership that is directly affiliated with the Lehigh Valley Private Industry Council. It has an operating budget of $1.2 million and the capacity to serve 1,000 people. Seventy percent of the target population is drawn from 10 specific companies while the remaining 30 percent comes from the population at large.

Operation JOB Search was chosen because of its excellent working relationship with the Lehigh Valley Manpower Program and the private industry council (PIC). An extremely active program committee of the PIC maintains decision-making responsibility and reporting authority for the entire project. Operation JOB Search made a conscientious effort to design programs that would serve the needs of employers. We realized that if the applicants were not appropriate for the job, they would not be successful in their job hunt.

Men and women in our program are truly victims of the economy. Many of them have no experience in applying for jobs. This is particularly true of older workers in the Lehigh Valley, who more than likely got the job from which they were displaced through an uncle or father when they were 18 years old. A significant number of people have very low reading and mathematics skills.

The program is structured to account for these varying needs. On Monday of the first week, we conduct an orientation session for 50 people. They are divided into two groups of 25 each for vocational testing on Tuesday and Wednesday. After about four hours of testing, we assess the needs of the participants and formally enroll them in the program. This will continue until a thousand people are enrolled.

Job search workshops are held the second week. They continue for four, full days, attended by 30 to 40 participants per week. The workshops deal with fears and emotions, career selection, resume preparation, job market analysis, and networking. During the workshop we concentrate on interview skills, stressing to participants the need to "sell" their particular skills to potential employers. We also teach them how to make their abilities appear more attractive if there is competition for a job slot. On Friday afternoon we conduct mock interview sessions in which representatives from personnel departments of various companies play the role of employers. After individual interviews have been conducted with each participant, the interviewers hold a brief panel discussion in which they give an overall assessment of how the group responded. Finally, each participant receives a completion certificate. This is not a graduation certificate but is a clear acknowledgment that the participant has advanced one important step in the process of getting a job.

In the third week, counseling sessions are held with each participant who completed the job search workshop. At this point we determine whether it is appropriate for a participant to go into classroom training or start an active job search. We maintain a resource room for job search participants that is equipped with periodicals, six to eight newspapers that circulate within a 50-mile radius, lists of the best job openings, various directories, and other useful documents.

Under a contract with Bethlehem Steel Corporation, we provide funds for classroom training of those who have been through Bethlehem's job services clinics. Bethlehem has used corporate funds for continued career development of its displaced employees. This contract was negotiated because the company and Operation JOB Search serve the same population and have pretraining procedures that are compatible. We have a mutual responsibility with Bethlehem for job placement. This is a good example of a partnership between a publicly funded agency and a company that has already made a commitment to advancing the careers of its former workers.

We have found it is extremely important to have a planned marketing strategy. We take very seriously the charge to carry out a pilot program and have tried to be as creative as possible in marketing. We are now working with our second marketing firm. The initial firm provided us with necessary materials but was not sufficiently staffed to carry out our various goals. In considering the use of a marketing firm, organizations should look very carefully at each firm's ability

and experience,particularly its experience in developing strategies.for advertising

We always look at our program as a business. It is our business to package the product as appropriately as we can to meet employer needs.

We have recruited more than 50 percent of our participants through television and billboard announcements. Our marketing program has two parts. One is a general awareness campaign designed to give the program credibility and establish our name in the Lehigh Valley. The other is a campaign directed narrowly to small- and medium-size companies that represent the greatest hiring potential. We use display ads, attend trade shows, and conduct a direct mail campaign. We have set up a series of breakfast meetings with employers, each of which gives us a chance to meet informally with up to a dozen employers. After a slide presentation, we answer their questions. We find out what their needs are and if they are anticipating any job openings. Contacts such as these help us fulfill the basic objective of our marketing program -- to expand awareness of our program among employers and the public. They also help us tailor our programs more precisely toward employers' needs and, thus, return dislocated workers to the labor force more quickly. □

SALEM, OREGON:

Finding Alternative Job Markets

Judy Miller
Director,
Salem Job Assistance Network

The Mid-Willamette Valley in Oregon is a small area composed of three counties, Marion, Polk, and Yam Hill, with a population of 320,000 people. The principal industries are wine making, lumbering, paper manufacturing, metal fabrication, mobile home manufacturing, education, and government. Our area includes an estimated 200 employers who have 20 or more employees each. Our current unemployment rate is approximately 11.2 percent. The Mid-Willamette Consortium received $580,000 from the Department of Labor to operate a demonstration program for 350 dislocated workers. About 38 percent of those who have been offered our services have enrolled in our program.

Our organization has merged with a Career and Economic Development Center established at the community college in response to anticipated layoffs of some 400 people in the pulp and paper industry. Besides letting us share the resources of the center, the merger provides a format for institutional change. One beneficial result of the union has been the ability to overcome resistance by the college to offering short-term training programs that could be adjusted to the needs of the participants in other programs we operate.

The college now offers short-term training programs in electronic technology, computer operations, and computer-assisted drafting and plans to start a program in microprocessor repair. We expect to enroll a total of 120 in training programs. The college also offered a small business assistance program in which we also became involved.

We encountered an unexpected barrier when the local officials of the Oregon State Employment Service, supported by their headquarters, refused to permit trainees to collect unemployment insurance benefits. We had assumed the Comprehensive Employment

Training Administration authorized the continuation of benefits during training. It took us two months to get a bill that removed this restriction through the state legislature.

To encourage the use of our job resource center, we conduct job-search workshops there on the program's fifth day. Workshop participants are given a detailed orientation about the center's materials and equipment and its menu of services. It also has been beneficial to call back workshop participants for monthly meetings in the job resource center. We publish a calendar of special events at the center. Because many of our participants are not accustomed to using unstructured time effectively, we find it is helpful to schedule people for use of the center's services and monitor their attendance. Our key staff members are required to familiarize themselves with the center's resources so they can better help the participants.

Our program benefits from many outside resources. For example, volunteers from business and industry take part in daily videotaped interviews with participants. These are later played back to help participants evaluate their interviewing skills. Participants preparing for actual job interviews may view videotapes illustrating effective interview techniques.

We carefully coordinated the development of our marketing plan with the community college and the Mid-Willamette Valley Consortium, which is our parent agency. Both had been involved with the private sector in marketing on-the-job training programs, direct placement, work-related experience for college students and, other programs.

Those who work with dislocated workers must have a good understanding of the participants' work experience. Staff members and others in the community get a firsthand view of their past work environment by taking tours of the plants from which they have been laid off. This understanding is supplemented by job descriptions supplied by each of the nine plants participating in our project. This information was valuable for marketing purposes because workers often cannot describe what they actually did on the job. It was also helpful to staff members who help participants prepare resumes.

In our efforts to find alternative markets for our displaced workers, we reviewed trade journals and directories that we felt might reveal jobs similar to those these employees had once performed. We also asked the manufacturers of the machinery and equipment these workers had used to tell us what other industries might be using this or similar equipment.

We also analyzed the labor market, using data from the employment service and other public agencies and from the chamber of commerce and other busines, civic, and professional organizations. We consulted the standard industrial indexes, registries, and business publications. A directory that listed all of the industries in the area by type of business, location, and number of employees, and gave the names of key officers was particularly valuable.

We've concluded that the most promising market for the skills of our displaced workers is among manufacturers outside our tri-county area. Most of our participants are unwilling to relocate so we marked on a map the boundaries of an area within commuting range. We systematically contacted employers within these boundaries who had 50 or more employees in their work force. We were particularly alert to opportunities for transferring the skills of our workers. We felt it would lead to placements more quickly because we assumed that highly adaptable employees would appeal to employers. Growing service industries and information-based industries were a secondary marketing target.

To develop prospects, we use brochures and advertising and make presentations to business and civic groups. In our sales activities we make direct personal contacts aimed at establishing accounts with employers. In servicing these accounts we maintain long-term business relationships that can lead to opportunities to market the skills of displaced workers.□

ELEVEN

STRATEGIES FOR PREVENTING OR DELAYING JOB LOSS

INTRODUCTION

Remedies for preventing or delaying job losses can range from offering workers the option of reducing their working time to sale of the company to employees. These measures, and others in between, are discussed by the three contributors to this chapter.

More than 250,000 Canadian workers have taken part in 12,000 work-sharing projects, thus preventing temporary layoffs of about 100,000 people. A.L. Cobb cites a preliminary evaluation of this $83 million program that shows that 89 percent of the workers and 80 percent of the employers involved in 1982 found it beneficial; 95 percent of both groups said they would use it again.

The simplicity of voluntarily reduced work-time belies the effectiveness of this measure for saving jobs and money. Nan McGuire of New Ways to Work, notes that 11 state agenices offering this option under California's Reduced Work Time Act saved $1.2 million in 1982. She also reports on studies showing that a significant number of workers are willing to relinquish some income for uncompensated time off.

Newsweek estimates that federally assisted purchases of 60 companies by employees have saved as many as 50,000 jobs in the plants themselves and thousands more in related businesses. Opportunities for preventing plant closings through employee buy-out are limited, says Corey Rosen of the National Center for Employee Ownership. However, when conditions are right, he says, the use of ESOPs (Employee Stock Option Ownership Plans) "are a more efficient use of available resources than virtually any other program." □

FIVE CANADIAN PROGRAMS

A.L. Cobb
Senior Director,
Canadian Employment and Immigration Commission

Over the past two years, the Canadian government has made significant changes in its programs, most designed to help meet pressing needs of dislocated workers. Five programs serve as examples.

The first is work sharing. It was introduced in January 1982 in the face of high unemployment to help companies develop voluntary alternatives to layoffs that were believed to be temporary. Canada's Unemployment Insurance Program permits a firm facing a temporary slowdown in production to use a work-sharing formula if all parties agree. This formula reduces the hours per week of all employees in the work unit rather than reducing the number of workers through layoff. The company pays its employees for the number of hours worked, and they receive unemployment insurance benefits for the days not worked. Under work sharing, the work week can be reduced to a minimum of two days, with weekly incomes being reduced on an average of about 16 percent for senior workers. The work-sharing program can be approved for a minimum of six weeks and a maximum of 26 weeks, with a possibility of an extension up to 12 weeks more. To be considered, the firm must have been in business for at least two years, and the need for reduced output must be temporarily unavoidable. The workers must qualify for unemployment insurance benefits, as if they were applying for normal benefits. As of April 1983 the government authorized 12,000 work-sharing projects involving approximately 250,000 Canadians, preventing the temporary layoff of about 100,000 people.

Evaluation of this program, which spent $83 million in 1982, will be available soon. The preliminary findings show that of those involved with the program in 1982, 89 percent of the workers and 80 percent of the employers judged it to be beneficial, with 95 percent of

both groups saying they would use the program again. Seventy-five percent of the workers and 58 percent of the employers said they were prepared to pay higher unemployment insurance premiums in order to have work-sharing programs available to them.

A survey in December 1982 showed that fully 54 percent of the general population was aware of the program. It had the highest level of awareness of any employment program in Canada, in spite of the fact that no money was spent on paid advertising. Ninety-six percent of those who knew of the program favored its continuation. Eighty-seven percent of those polled said they would pay higher unemployment insurance premiums to have the program available. These evaluations are quite astounding, given the short time the program has been in place. It also reflects what business and employees are willing to do on a voluntary basis to mitigate some of the effects of layoffs.

The evaluation also showed that junior workers who would have been laid off in the absence of work sharing have gross weekly incomes about 53 percent higher than if they had been laid off and received regular unemployment insurance. Senior workers, who were two-and-one-half times as numerous as junior workers and were not truly in jeopardy of losing jobs, reduced their gross weekly incomes by only 16 percent by taking part in this voluntary program for protecting the junior workers. Twenty-four percent of the participants said that if work sharing had not been used and they had been laid off, they would have suffered emotional, health, and marriage difficulties. A crude model constructed by the evaluators suggested that work sharing has a societal cost-benefit ratio ranging from 1.4 to 2.1.

This societal cost-benefit model attempted to determine if work sharing had a positive or negative impact on society as a whole. In this type of analysis, transfer payments (i.e. unemployment insurance, welfare, pensions, which simply transfer money from one societal group to another) are not considered to be either a cost or a benefit. Factors such as layoff, recall, hiring, training and administrative costs, as well as effects on productivity are included in the model. Thus, in this model, the analysis indicated that the positive effects of work sharing outweighed its negative effects at the minimum of 1.4 to 1, and at the maximum, 2.1 to 1.

The analysis found that work sharing reduced employers' labor costs and the need for hiring and retraining had a neutral or slightly positive impact on productivity and did not increase the pressure on workers from shorter working periods. These findings fail to sustain

the fear most employers expressed before the program started that work sharing would have a negative impact on their operations.

Did we achieve our objective, the prevention of layoffs? At the end of the work-sharing period, fully 72 percent of the workers were still employed, inspite of the extraordinary recession and rapidly mounting unemployment that we had during 1982. The evaluators suggest that the success rate for the program ranges somewhere between 68 and 96 percent in achieving its objective. The program does cost more than traditional unemployment benefits. We do not have a waiting period, as they do in California, for work sharing. Consequently, if an employee is laid off after the work-sharing period, what he drew during work sharing is not deducted from his subsequent entitlement. That cost is in the order of about 1.4 times what would normally be paid in regular unemployment insurance benefits.

A second program -- one that benefits employers and communities, as well as dislocated workers -- offers a unique combination of economic development and labor adjustment provisions that are focused on a specific community and specific workers. In the 10 communities involved in this coordinated approach, incentives to encourage businesses to establish in a particular place, or incentive to encourage workers to undertake training, are added to existing programs. Special features include a wage subsidy for older workers and an early retirement program for certain workers. Community Adjustment Committees, composed of labor and management and government and civic representatives coordinate these measures. This unique approach to community dislocation is intended to deal with structural problems rather than cyclical, industrial, or unemployment problems. We have been overwhelmed, of course, by cyclical factors, and this has limited the program in dealing with structural difficulties. However, this program represents a unique approach to community dislocation, on both the industrial and labor sides.

The Manpower Consultative Service, the third program, facilitates the formation of joint labor-management committees within a firm that is facing a particular problem, such as closure or expansion. These committees jointly agree on steps for managing adjustments to the problem.

The fourth program, the Employment Expansion and Development Program, assists those who have exhausted their unemployment insurance benefits. It stimulates job creation in the public and private sectors and supports economic recovery, regional development, and productivity improvement.

The National Training Program, established by the National Training Act of 1982, includes an effort to improve our forecasting ability through an occupational projection system. Industrial and institutional training is given a major boost by a skills growth fund to assist private industry, unions, and public institutions to renovate their training facilities or to build new facilities for newer technologies. Approximately $1 billion will be spent on training to develop skills that are in demand.

These and other programs have greatly increased the government's ability to deal with the short- and long-term implications of the dislocated worker problem. Their emphasis on the individual, combined with the stimulus they give to economic growth and development, has been a key to our survival during the recession.□

VOLUNTARILY REDUCED WORK TIME

Nan McGuire
Employer Program Manager,
New Ways to Work

Voluntarily reduced work time is offered by the employer in selected instances as a means of minimizing or delaying the impact of layoffs. Until recently, it has been used primarily by the public sector in California. However, a growing number of private firms are offering such options. One major private employer is considering it because the company is converting from one type of operation to another. The management believes that if employees voluntarily reduce their work time, the company could apply the resulting savings in wages to training opportunities to help those employees make the transition to more stable jobs.

California agencies offering reduced-time options have found that without promotion the programs don't get a strong response. Enrollees are guaranteed the right to return to full-time status at the end of a specified period, typically six months or a year. If during this reduced-time period the organization has to start laying off, employees are returned to their full-time status and seniority. This assurance makes the option more attractive to employees during poor economic conditions. Most benefits are prorated according to an employee's time base; those who reduce to 80 percent get 80 percent of their sick leave and vacation leave. Health insurance benefits, however, are not reduced. An escape clause in most programs permits either management or the employee to terminate participation on 30- or 60-day notice. Most programs have reduction options of 2.5 percent, 5 percent, 10 percent, or 20 percent. The most popular reduction in work time is 10 percent. Approximately 5 to 10 percent of the work force in these agencies is participating.

A major disadvantage is evident during unforeseen peak work periods, when it is sometimes necessary for management to pay over-

time to meet production schedules. The program also requires more careful scheduling of vacations.

The increasing numbers of women and older workers in the work force will require long-term institutional changes, not short-term, stopgap measures. One alternative may be for the further development of the work-sharing option. Several polls on this issue indicate that older workers and women would like to extend their working lives, but for a reduced number of hours and on a part-time basis. In response to this need, the Traveler's Insurance Company is rehiring retirees on a part-time basis. A number of studies show that a significant number of employees would trade some income for uncompensated time off. Those employees most interested typically have attained an above-average education and are members of dual-income families.

In California, which has a Reduced Work Time Act, 11 state agencies offer reduced-time options. In 1982, these programs saved the state an estimated $1.2 million. At the county and city levels, such programs are included in contracts between employee unions and boards of supervisors and city councils. The earliest such agreement, enacted in Santa Clara County in 1976, initially was seen as a response to an impending layoff. The layoff did not materialize, but workers signed up for the program anyway. It has remained in the county's contract with public-employee unions, and its provisions have been expanded. Under both the Reduced Time Act and county contracts, management has a right to refuse an application for shorter hours.

Work-sharing programs are clearly in their infancy. Early results of the experiments in California and in Canada, however, show these programs to be potentially valuable tools for dealing with the long-term shifts in the labor market.□

THE EMPLOYEE BUY-OUT:

A Useful Tool When Conditions are Right

Corey Rosen
Executive Director,
National Center for Employee Ownership

The purchase by employees of financially distressed companies is extremely rare,* but there are a number of well-publicized, highly significant cases where employees have prevented companies from closing, either by buying them outright or by making wage trade-offs. The histories of these transactions have some valuable lessons for those designing strategies for preventing job losses and securing long-term gains for workers.

Employees who seek ownership or substantial stock holdings in a company must overcome serious obstacles. They face skepticism from fellow workers or community scorn, or both. As a result, such aspirations are often dismissed or the proposal distorted, and negotiations never begin. Nevertheless, there are situations in which buy-outs are appropriate. When they are appropriate they can save jobs, prevent the deterioration of families, and, often, revive the economic lives of whole communities. When conditions are right, employee buy-outs are a more efficient use of available resources than virtually any other program. Let's examine the record of employee ownership.

There were between 50 and 60 buy-outs of companies that otherwise would have closed between 1971 and 1982. Precisely four of these buy-out efforts did not succeed, and the companies did subsequently fail. This is a fairly commendable record. The average life expectancy of an American business is six years. In contrast, over the past 10 years, more than 90 percent of the employee buy-outs have

* Of the more than 5,000 employee ownership plans in the United States, fewer than 1 percent were instituted in response to what might be considered financial distress. Most companies that share ownership with employees are very profitable at the time the plan is instituted, or they start as employee-owned companies.

longer lifespans. These are companies that were, in almost every instance, on the verge of bankruptcy. From a purely financial standpoint, it appears that buy-outs work.

Buy-outs have occurred in two phases. The first started in the mid-1970s. These were usually initiated by the managers of plants or subsidiaries of conglomerates that were scheduled to close. Employees usually supported the proposals because they didn't want to lose their jobs.

The second phase started around 1979. The employee buy-out of Rath Packing Company, a *Fortune* 500 meat packer, is an excellent example because the employees led the buy-out effort. The executives of Rath Packing said that the company would close if they didn't get wage concessions. The union said that it would be happy to give wage concessions and startled management by adding that the cut of 50 cents an hour the company was asking was not enough to make the plan work. The employees were willing to make the necessary concessions, and more, but only if they received 60 percent of the stock and 10 of 16 seats on an expanded board of directors. The company met these demands.

This demonstrates that if the union gets involved in early negotiations it can shape the employee ownership plan in a way that meets the needs of both management and the union. Buy-out plans established in the mid-1970s provided employees with 51 to 100 percent of the stock but did not give them voting rights. In early buy-outs, there was a kind of honeymoon for the employees who, at first, were delighted that they had saved their jobs. Cynicism and disillusionment set in, however, when they realized that they were owners without power. Since that time, it has become increasingly evident that employees must be significant partners in the negotiation if a buy-out is to work.

How is it possible for employees to buy a company and turn it around when the best management in the world -- managers of giant conglomerates, in many cases -- can't run it? One reason is that, contrary to the myth that only failing companies are closed, many profitable firms are closed. Consider, for instance, Wierton Steel, a profitable company until early in 1983. Its purchase by employees, considered a foregone conclusion at this writing, will be one of the largest buy-outs in modern history. The reason that National Steel, Wierton's owner, decided to close the company was because National could make many times the return on its investment in other lines of

business. Employees, in contrast, are usually content with a lower return on investment and the assurance that they will keep their jobs.

Another reason for the success of employee ownership is that conglomerate management apparently is not as efficient as it is reputed to be. The *Wall Street Journal* said that three out of ten corporate acquisitions in the 1970s failed, and seven out of ten failed to live up to the buying company's expectations. Local management can be more efficient in many cases because it has lower overhead. A third reason that employee-owned companies work is that they are more productive. Three major studies of the relationship between ownership and company economic performance confirm this assertion.

Those who see buy-outs as opportunities to prevent or delay job losses will be moved to ask: "How do employees buy a company? How, to be specific, did the employees of Wierton Steel raise $1 billion over ten years to buy this company?"

Usually, employees seeking ownership use a mechanism called the Employee Stock Ownership Plan (ESOP), a tax-favored mechanism created in 1974. Under an ESOP, the employees set up a shell corporation, and the shell corporation sets up a trust. The trust borrows money to buy the assets of the closed plant, using the assets of the old corporation as collateral. This is called a leveraged buy-out. The trust then exchanges the newly purchased assets for stock. The trust holds the stock in the names of the individual workers. Thus, employees become owners in the same way capitalists become owners. Capitalists don't take money from their piggy banks to invest. They borrow it against the assets of what they are buying based on an estimate of the future earnings that those assets will generate. The ESOP pooling mechanism and the tax-favored status it grants give employees enough leverage with banks to make financing feasible. Federal loan guarantees (used for 13 of the 60 buy-outs that have occurred) authorized in the mid-1970s made these investments even more attractive. The government never lost money on such guarantees, and banks now are willing to make loans for employee buy-outs without them.

Overall, employee buy-outs have been very successful. Unfortunately, most plants on the verge of closing are not good candidates for such buy-outs. A lot of plants aren't profitable and will never be profitable, regardless of ESOP intervention. They face a shrinking market, rely on outdated technologies, or are hampered by other problems. Even in those companies that could become profitable, myriad problems often frustrate the organization of a buy-out. For instance,

employees expressed an interest in buying the now-defunct *Washington Star*, but they were given only two weeks' notice. It generally takes six months to a year to organize a buy-out of any large corporation.

Many companies close plants rather than sell them to employees because they want to avoid the competition such ownership might bring. U.S. Steel closed its McDonald Works in Youngstown, for instance, refusing to negotiate with the employees who wanted to buy it with a federally guaranteed loan. Many observers felt U.S. Steel's position was inconsistent, since it had asked the government for help in other areas.

Another kind of bargaining that contributes to job stability has become more common recently. In it, employees trade wages for stock. In 1975, for instance, Pan American Airways told its employees that unless they made a wage concession, the business would be closed. The implication was that the employees would have an opportunity to share in company decisions and that other positive actions would be taken. This never happened. When Pan Am presented virtually the same options in 1980, the union asked for stock, board representation, and the creation of a joint labor-management committee at the policy-making and hiring levels in return for a wage concession. These requests were granted, and everyone at Pan Am is pleased with the results.

At Chrysler, Congress required that this kind of arrangement be made. Workers owned about 15 percent of Chrysler in 1974. Chrysler workers gave up $462 million in wage concessions and got $162.5 million in stock, to be held in trust until their retirement. They could have gotten much more if they had asked for it, for Congress was ready to give it to them. Half of the $162.5 million has been distributed at slightly more than $5 a share, which was trading for $33 in mid-1983. By the time Chrysler workers get those shares, they will have made considerably more than they gave back. At the National Center for Employee Ownership, we believe that in any wage-concession talks, workers ought to receive stock in return for wages they concede because they are making an investment in the company.□

TWELVE

UNEMPLOYMENT AND STRESS

INTRODUCTION

The trauma of job loss is not limited to steel workers in Bethlehem, Pennsylvania, who "die professionally" when they lose their jobs in the mills. There is a substantial body of medical documentation on the deterioration of physical and emotional well-being traceable to job termination.

These problems can be compounded during layoffs because the health insurance of most American workers is linked to their jobs. Unless displaced workers can find alternative health care for themselves and their families they are vulnerable to catastrophic illnesses and disorders that might be prevented by routine health care.

Karen Ignani of the AFL-CIO finds older workers -- many of whom have never experienced permanent layoffs -- particularly vulnerable. To these veteran workers, she says retraining, far from being a path to a new job, means "a dead end and no hope, the realization of which has tremendous social, psychological, and physiological effect."

Because of the prevalence of unemployment in Ohio, the Toledo AFL-CIO has published a flyer designed to help former employees adjust to job loss. Charles Mix says the leaflet traces the typical cycle of responses to job loss -- disbelief, self-pity, anxiety, anger, and acceptance. Once a worker reaches the last stage, says Mix, he or she is ready to benefit from job-search assistance.□

TRANSLATING EMPLOYMENT STATISTICS INTO HUMAN TERMS

Karen Ignagni
Director,
AFL-CIO Department of Social Security

Unemployment today is in some ways worse than it was in the Great Depression. More than 20 million workers and their families are suffering from the loss of jobs and other economic hardships in a recession that cuts across all ages, races, and economic groups. Ten and three-tenths percent of the population is unemployed, which translates into 12 million workers. An additional 2 million people have given up looking for jobs. Another 6 million are involuntarily working part-time because they can't secure full-time permanent positions. It is estimated that during this year alone, one out of five individuals will experience unemployment. One out of five!

All of us in the human resources field tend to get blinded by these statistics because they are used daily. Let me offer some anecdotal evidence of what these numbers mean in human terms. In New York City, 60 people spent a cold January weekend sleeping on sidewalks so they could be first in line for positions as carpenters' apprentices. In Austin, Texas, 2,817 individuals lined up to apply for 187 jobs. And that is just the tip of the iceberg. Legions of out-of-work individuals have left what we now call the "rustbowl" in Michigan, Indiana, and Ohio, moved south, and are living in their cars with their families because they can't find jobs or affordable housing.

This recession is unique because the economic devastation resulting from unemployment has affected a variety of economic groups and is not confined to low-wage or inexperienced workers. This recession has displaced middle-aged employees who have worked all their lives, pursuing the American Dream. Many of these individuals who now find themselves out of work have been told: "We don't need you any more. We don't need your skills. You have to be retrained." These people are understandably skeptical about retraining. To them, it

means never going back to their old jobs and, perhaps, never finding another one. It means a dead end and no hope, the realization of which has a tremendous social, psychological, and health effect.

These difficulties are compounded by the fact that there is no national health program to help the unemployed cope. All industrialized countries, with the exception of the United States and South Africa, have national health insurance. The problem of losing your job and your health care coverage just does not exist. In our country you are entitled to health benefits, but the amount of care you get can depends on whether you work, where you work, who you are, and how much you pay. Ninety percent of all health care coverage is in force only during your active employment. Very few employers have extended coverage for those who are laid off. When such coverage is offered, it usually continues for just one month after the layoff, while the average period of unemployment is much longer.

Unemployment compensation falls far short of replacing the lost income of jobless workers who cannot afford to feed their families, keep a roof over their heads, or provide adequate education for their children. Therefore, the idea that these people are going to be able to buy individual private health insurance policies once they have been laid off is just absolutely ridiculous. Yet if they don't buy private insurance, they cannot obtain health services. An examination of our public health care program reveals their failures. We have Medicare for the aged, and Medicaid for single parents who qualify for Aid to Families with Dependent Children (AFDC) or for individuals who qualify for Supplementary Security Income (SSI) because of their age, blindness, or other disability. Less than half the states will allow jobless workers in two-parent families to qualify for Medicaid. Consequently, the unemployed have no satisfactory alternative when they lose their employer-based coverage.

The health care consequences are more severe in the current recession than in previous recessions because other support programs -- unemployment compensation, AFDC, Medicaid, food stamps, and funding for community health centers -- have been dramatically cut back by the Reagan Administration. In the last two years, health programs have been slashed by 35 percent and food stamps have been slashed by $2.5 million The cutbacks have tremendous implications on our ability to cope and find answers to the problem of unemployment. Douglas Fraser, former president of the United Auto Workers, emphasized this point in testimony before a congressional committee studying the effects of health cuts on the unemployed.

Fraser told of an unemployed Michigan man who was sentenced to five years in prison for stealing insurance papers to obtain surgery to cure his bleeding ulcers. One wonders what kind of a sentence he would have received had he been stealing papers to provide health care for his child. Whatever the answer, it's a shameful commentary on our society and on our lack of organized response to the problem of health care for the unemployed.

Before the Reagan Administration took office, the Department of Health and Human Services estimated that 25 million people were without any health care coverage. They are the people who fall between the cracks in our private and public insurance systems. Recent estimates indicate that unemployment has added another 20 million, which brings the total of those without health protection to 50 million. The President's Commission for the Study of Ethical Problems in Medicine recently issued a public report acknowledging these statistics. The commission said the federal government had an "ethical obligation" to provide access to health care for the disinsured. The commission stopped short of saying that health care was a right, as we in the labor movement have been saying for many years. With 22 percent of our population without health protection, now is the time for action

Organized labor has called for federal legislation to provide a modest amount of access to health care services for jobless workers and their families. In addition, the AFL-CIO recently joined with the American Hospital Association, the American Medical Association, Blue Cross and Blue Shield, the Health Insurance Association of America, and the Business Roundtable to call on local labor leaders, hospitals, medical societies, businesses, and insurance companies to work together to try to provide as much health care as possible for the unemployed. Voluntary programs around the country are also being organized by local medical societies. The oldest program of this type is in Detroit, yet only 50 percent of those who apply to it for treatment are able to be served.

Another solution that has been suggested for jobless workers who need health care is to send them to public hospitals. This is not a solution because the public hospitals are filled to capacity already. They are filled because other hospitals have been dumping hard-to-treat patients on them left and right as a result of budget cuts. Other solutions involve requiring individuals who are laid off to join their spouse's health insurance plan. However, of all employed people with a health insurance policy, only 25 percent have the type coverage that

can be extended to a spouse. Nor are proposals to allow jobless workers to convert their policies from group to individual status satisfactory, because few of the jobless can afford the annual premiums of $1,500 to $2,000. Others say that the employer should continue to provide coverage. However, considering the extent of our economic crisis, it does not seem feasible to require continuation at this time.

It is clear that we cannot expect the states, employers, or insurance companies alone to solve the health care problems of unemployed workers. It is a national problems that needs a national solution. The problem won't go away. In fact, the problem is getting worse, and it has become increasingly obvious that the Administration cannot solve it by ignoring it. We need direct action.

But, I submit that we can't keep robbing Peter to pay Paul. We can't keep cutting one program to fund another. We need jobs to fight unemployment, but we also need support systems: unemployment compensation, food stamps, Medicaid, and a national program to provide health care services to jobless workers. Organized labor strongly believes that the federal government should bear this responsibility. Evidently, a number of senators and House members on both sides of the aisle agree.□

STRESS IN OHIO COMMUNITIES

Charles Mix
Director,
Community Service Department,
Ohio State AFL-CIO

Most of us have been unemployed at some point in our life. At those times most of us signed up for unemployment compensation, if we qualified. We derived some income while we were unemployed and didn't think too much about the world of work because we anticipated being called back.

Things have changed. Many of those now unemployed, whether they've lost their jobs because the plant shut down or not, have great anxiety about being called back to work. There is a difference in providing assistance to those who are unemployed because of a temporary lack of work and those who have been shut out of a job. Using a composite of statistics, we have developed a profile of the dislocated worker. This person is usually a male, older, and less educated than young workers, a union member with a lot of seniority, and one who earns above- average wages.

Frustration and stress are a real and serious consequence of unemployment. A laid-off Chrysler worker recently attacked an unemployment-benefit clerk in Kokomo, Indiana. It took five people to subdue him. Afterwards, he broke down and cried. The Institute of Labor and Mental Health reports that unemployment for a dislocated worker can be truly devastating and may cause serious health problems. Harvey Brenner of Johns Hopkins University says that during a period of high unemployment, approximately 100,000 people will die because of cardiovascular diseases, cirrhosis of the liver, infant mortality, and other ailments.

In Ohio, we have experienced the problem of the dislocated worker for some time. We have found that it is necessary to deal not only with the dislocated worker, but with his or her family. We feel that one of the first actions that must be taken is to assemble the family and to

help keep them together. We have maintained a study of two groups. In one group, we intervened soon after a plant was shut down. In the other group, we didn't intervene until three or four months later. The second group could not be kept together, and we don't have any statistics to find out where they went.

In an effort to find local solutions, we've attempted to bring the leadership and resources of whole communities together -- labor, business, and both the public and voluntary services. Such efforts must be limited in some rural areas. We did find, however, that we could recruit voluntary outreach agencies with staff members willing to travel 50 to 60 miles to bring services into remote areas. In Logan, Ohio, a rural community exactly 58 miles south of Columbus, a corporation decided to shut down a plant employing 250 people. We scheduled a day-long meeting in Logan and brought in a range of community resource representatives. Staff members of agencies in the fields of family counseling, community mental health, nutrition, child care, and consumer protection attended. Dislocated Logan workers were offered help in paying utility bills and using food stamps. We also asked the legal service representatives to come there. We've asked the hospitals and the health care community to get together and find out what can be done with health care for laid-off workers. Once we can take care of a worker's family needs, and once we can convince him or her that there is help in the community, then we can turn to the task of trying to locate jobs.

In Toledo, the AFL-CIO and the community services of the greater Toledo area have published flyers that address typical reactions to job losses. They identify five common responses. The first is, "I don't believe it." The second is, "Why me?" The third response is a feeling of turmoil that goes on within an individual as he ponders why it happened. The fourth reaction is one of anger. Finally, there is acceptance. Once a worker accepts the problem, he is mentally ready to receive job search assistance such as help in writing resumes and considering relocation and retraining. It is critical that he accepts the fact that his job is no longer available.

Finding health care to replace group coverage probably is the costliest problem a family faces during dislocation. Some Ohio communities are providing free clinics and screening programs, but they offer their services on a selective, rather than uniform, basis. A bill in the Ohio House of Representatives would authorize formation of a health insurance association to provide group coverage to qualified unem-

ployed persons, their spouses, and dependents. This is an excellent step, but we desperately need more.

Statistically, we lost 300,049 people in Ohio last year. We don't know where they are, and we don't know what they are doing. We've just lost them. I hope that some of the funds provided by Title III of the Job Training Partnership Act will be used for statistical analyses that will enable us to better track those people displaced by upheavals in the work force.□

THIRTEEN

JOB SEARCH CLUBS

INTRODUCTION

Only with careful testing, precise assessment of skills, and extensive retraining can some dislocated workers bridge the gap between their present level of skills and the level they must attain to stay apace of technological advancement. On the other hand, many workers seem able to make the transition with no more than access to reliable job-market information and the encouragement of peers engaged in similar pursuits. Many of the latter are finding the assistance they need in job clubs. The Department of Labor found uniformly high placement rates among participants in job-search clubs it studied in 1981. For example, more than 50 percent of all displaced steelworkers in Ohio where placed through group job-search activities.

Job-search clubs are among the least-costly methods of assisting dislocated workers. The Congressional Budget Office estimates that if participation were required of all dislocated workers determined to be eligible for federal aid, fiscal year 1983 outlays could range from $44 million to $714 million. This compares with estimates of outlays of $132 million to $920 million that would be required to expand vocational and technical schools for comparable numbers of employees.

On the following pages, Dr. William Bowman of the U.S. Naval Academy describes the collective search of a job club at Crucible Speciality Steel Company in Midland, Pennsylvania, in which half of those who completed the program found jobs. Robert Mosbacher, of the White House staff reports that the President's Advisory Council on Private Sector Initiatives was so favorably impressed with the results of job-search clubs that it decided to support their expansion.□

CRUCIBLE STEEL APPROACH

Dr. William R. Bowman
Labor Economist,
U.S. Naval Academy

Since 1968, Colt Industries, Inc. has owned and operated the Crucible Specialty Steel plant in Midland, Pennsylvania, near the borders of Pennsylvania, Ohio and West Virginia. Crucible Steel operated a basic steel facility of coke ovens, blast furnaces, TOCs and finishing mills, employing at its peak, 4,200 workers in 1979. Beginning in the 1970s, Colt began a concerted effort to upgrade the technology of the facility. It therefore closed the coke ovens and blast furnaces and added a continuous slab converter and two ultra-high-powered electric furnaces, which made the facility one of the most productive specialty steel plants in the country. With these changes, however, came the first wave of permanent layoffs in the early 1980s as the demand for specialty steel fell precipitously because of the recession. Market forces finally resulted in closure of the facility in November 1982.

In the spring of 1983, Jones and Laughlin Steel (J&L) purchased a portion of the Midland plant and gradually built up the work force, employing 250 workers in June 1983. For the next several years, further expansion is unlikely, leaving most of the former Crucible employees of the Midland plant permanently displaced. A job search club was established in 1981 to assist those who lost their jobs in the first round of layoffs.

Four fundamental points guided the design of the program developed at Crucible Steel in Midland. First, the program was designed to respond to the disinvestment of older, less competitive plants in smokestack industries, which are part of a natural phenomenon of a growing market economy and rapid technological advancements. The disinvestment process was the culmination of prior decisions made by the company, the union, and government. This factor is important because it laid the foundation for a joint effort from the very

beginning. All the primary partners felt the need to address the problem of dislocation from the very first day.

Second, the program was based on the assumption that many displaced workers could find immediate re-employment or could be trained by other private sector employers experiencing production expansion. It was further assumed that the marketplace is very fluid with a great deal of job turnover. The jobs are there, but not for long.

Third, these dislocated employees had work traits that are very desirable to prospective employers. Knowing that the private sector represents the major retraining pool in America, not the federal government, we wanted to make sure Crucible workers got an equitable share of those job training opportunities.

Finally, the process of looking for a job is a full-time job in itself. Those seeking re-employment must be equipped with the necessary skills to look for a job and act as their own job broker.

The objective of the program at Crucible Steel was simple. It was to provide the displaced worker with the necessary tools to improve the effectiveness of his or her job search and to shorten the time of the job search. Three program outcomes are now being evaluated.

First, we will measure the rate of wage gain or loss from the time an employee left Crucible until he or she found a new job. Analysts hope that the results will show that the wage loss was less and the wage gain more for those who went through the program. Second, we will determine the relative placement rate in non-subsidized, private sector jobs. Third, we will measure the relative duration of the individual's unemployment. The fact that all the outcomes are job related does not mean that we wanted to ignore health or psychological problems. We made the participants aware of the relevant social services in the community, but we deliberately avoided offering services that would duplicate or overlap these.

It is instructive to compare the Crucible program with one established by Sun Ship, Inc., when it closed its shipbuilding operations in 1981. Sun Ship invested $4 million to help the 3,200 employees it laid off find new jobs.

Job search activities were coordinated through a career transition center established at the plant. To help launch the center's program the company's president personally contacted all his associates among chief executive officers in companies throughout the country and explained the layoff. This brought a massive response.

The opportunities offered were recorded and classified for the use of all laid-off Sun Ship employees. Counselors formed job-search clubs

of no more than 15 employees each and helped guide their activities. Workers who had already found jobs were encouraged to enroll in the clubs anyway to assist those who were still experiencing difficulties.

Two parts of the Crucible program were similar to that of Sun Ship. The first, a one-week, job-search class offered to groups of 20, had four components. Participants were taught:

- To identify skills and worker traits that are transferable to alternate employment.
- To identify the industries, firms, and occupations to which the skills could be transferred -- the hidden job market.
- To identify prospective employers within that market.
- To develop job-related communication skills.

The program also offered a two-week, concentrated job-assistance package that was similar to the one Sun Ship provided. This was conducted by three part-time counselor/job developers from the company and one from the union. Participation by the union was critical for program success, for it helped to legitimize the program for the workers. The participants had access to phone bank centers, newspapers, yellow pages, and other tools for conducting a job search.

The Crucible program differed from Sun Ship's in substantive ways. First, there were limited financial resources available for the Crucible program. However, the commitment of money and in-kind resources, such as loaned staff by the company and union, and support by CETA and the Job Service continued to grow as the program progressed.

Company executives were closely involved in job development, but only to provide follow-up support after the workers developed job leads. We also used union staff as job developers.

What were the early outcomes? Of the 500 workers who were laid off for at least a year, nearly 300 indicated that they might be interested in employment assistance. During a six-month period over 100 of these individuals participated in the project with approximately two-thirds of these finding jobs that pay more than $8 an hour. Approximately 95 percent of the people who found jobs did not have to relocate, and half of them found jobs outside of the steel industry. A more extensive evaluation is under way. □

JOB SEARCH CLUBS:

A Cost-Effective Tool

Egils Milbergs
Director, Office of Productivity, Technology,
and Innovation,
U.S. Department of Commerce

Neither the Reagan Administration nor I believe that it is the job of the government to dictate, to direct, or to guarantee success. The private sector will be responsible for productivity growth and for making the management and labor decisions that will make us competitive again. It seems to us that the best way to create jobs is to foster a strong, dynamic, and growing economy and to help facilitate the transition of our economy to a world-class competitive level in the 1980s.

It isn't possible for the government to design a solution that will enable the entire nation to reach this degree of competitiveness. However, we can attempt to remove the barriers to effective job transition. At the Office of Productivity, Technology, and Innovation, we feel that the job search club is a valuable mechanism for facilitating the transition to higher-value uses and levels of productivity.

On the basis of an evaluation that we funded at the Potomac Institute for Economic Research, we believe job search clubs are a highly cost-effective way of responding to two problems: the short-term cyclical unemployment problem and long-term structural change. Job search clubs are one of the few so-called employment programs that explicitly address both industrial transition and unemployment simultaneously. They could also help us reduce the cost of the unemployment insurance system, find the workers needed in our growth industries, and help preserve the dignity and self-worth of individuals. The core idea behind the job search club is that experienced workers laid off in basic manufacturing industries have skills and work habits that can be used in other industries. The emphasis is on skill transfer, not retraining, or education, or orientation, or any of the other basic features of many of the human resource or manpower

programs now in use. Dislocated workers simply don't need the expensive array of services that disadvantaged workers have required.

Why is job search assistance needed? Although dislocated workers have job skills, they typically are not experienced job seekers. Many have been employed by a single firm for a decade or more and have not had occasion to look for a job. They don't know where the jobs are, what skills they require, or how to get them. They need help in assessing their marketable skills, identifying job openings, and pursuing job leads.

Does this concept work? It appears that these clubs increase job prospects at an average cost of about $500 a person. The Congressional Budget Office singled out job search clubs as potentially the most effective aid to dislocated workers. The limited experience we've seen at Crucible and Midland Steel seems to support this expectation.

Why teach job search techniques when there aren't any jobs? Obviously, job search clubs or any other manpower technique works best in a growing economy. However, even in a period of high unemployment, there is a steady flow of job openings. In fact, five out of six job openings result from labor turnover -- the replacement of workers -- rather than from job creation. Dislocated workers can help fill these slots more quickly and more productively if good job search mechanisms are in place. Second, even if the recession were long over, we still would face the problem of moving workers out of steel, autos, and other industries and into new and expanding industries. This seems to be a key goal of job search clubs. Third, we think the economy is recovering and hope it will be a non-inflationary recovery. We will be able, through job search clubs, to help hold down costs and prices while meeting the needs of expanding industries.

Some will ask another question: "Don't you really have to retrain the work force?" I don't think we need to leap immediately to the assumption that new skills are needed. This implies that someone has done a complete skill assessment and job search and found no viable match between dislocated workers and new jobs. This has rarely been the case. It seems, therefore, that participation in job search clubs should be a prerequisite to any retraining effort. We face the whole question of what skills to teach. Until now the government hasn't done a great job of second-guessing the private market about future job openings. Therefore, the Commerce Department is going to determine how to get the private sector more involved in defining curriculum needs and in defining specific job requirements. This way,

when training programs are established, through whatever mechanism, there will be a job at the end of each training track.

The reason the administration is interested in job search clubs is that it wants to try to have our country do a better job of responding to changing technology, competition, and trade. In addition, it's important to try to foster improved labor-management relations. I think industry and business people are increasingly recognizing that human resource utilization is the key to improved productivity and jobs. The old idea of labor versus management has disappeared. Today, one is more likely to find labor and management allied against the world. Job search clubs seem to provide some common goals because they benefit employers, workers, and the general economy.

Job search clubs represent localized efforts by the company and the union and require a minimum of government intervention. It's not a Commerce Department program; it's not a Labor Department program; it's really a private sector initiative. It is this type of independent initiative, not government intervention, that will develop viable solutions to our problems.□

A White House Advisory Council Stresses Job Search

Robert Mosbacher, Jr.
White House Private Sector Initiatives Office

The Private Sector Initiatives Task Force was appointed by the president early in 1982. It is comprised of diverse representatives of the private sector who are committed to encouraging the building of public-private partnerships and other voluntary efforts in local communities to address a broad range of issues. It has also diligently tried to encourage those communities that have been relatively inactive to organize themselves to address their problems.

The Task Force's track record has been commendable. It also has been instrumental in finding specific examples of private sector initiatives throughout the United States, and sharing ideas that it considered useful with other communities.

One example involves a medical assistance program to help the long-term unemployed who have exhausted their health insurance benefits. Under this program, organized by the Harris County Medical Society in Houston, 1,000 doctors provide free health care to patients referred by the medical society. In a matter of only four months, the society had received some 10,000 calls and arranged free medical treatment for about 4,000 unemployed people.

The task force has encouraged local sponsorship of job-a-thons. Organized and run by local television stations and employment services, those have been extremely successful in placing unemployed individuals who appear on TV to describe their background and skills.

The task force will be phased out and succeeded by the President's Advisory Council on Private Sector Initiatives. The focus will be adjusted slightly. The council will select two or three issues on which the private sector has a unique opportunity to be a change agent. One of these is job search assistance. The choice was prompted by the council's belief that there is no more critical problem in the country

than unemployment. The council regards the Job Training Partnership Act as an important step in finding long-term solutions to unemployment.

Dislocated workers, particularly those laid off in the basic industries, often do not have the job search skills they need to seek new employment. Job search clubs provide very effective and cost-efficient help to workers seeking to acquire these skills. They also provide a means of supervising the actual job search. The council decided to support expansion of job search clubs.

It assembled a technical team of experts, including representatives of the National Alliance of Business, the Human Resources Development Institute, Potomac Institute for Economic Research, and the Departments of Labor and Commerce. The decision was made to involve both Commerce and Labor because they can help to legitimize job search clubs and encourage the limited use of JTPA monies to underwrite them. The technical team members have helped identify potential opportunities for forming clubs, and the advisory council is approaching representatives of the companies, unions, and communities who must act jointly to establish the clubs and oversee their operation.

We hope that the council's involvement in encouraging the creation of job search clubs will help convince management that this is a minimum prerequisite to a plant closing or to a permanent reduction in the work force.□

FOURTEEN

USING LABOR MARKET INFORMATION

INTRODUCTION

The candor of Michael Maguire of the St. Louis Metropolitan Reemployment Center might discourage some managers of new programs as they undertake the painstaking searches often required to match dislocated workers with appropriate available jobs. As a prelude to listing pitfalls newly organized groups should avoid, he confesses: "I don't know where the jobs are." Another contributor, David Stevens, a University of Missouri economist, lets us know the task is indeed a challenging one. But he offers a set of guidelines that can be used in assessing labor-market information.

Despite these caveats, it is not the purpose of this chapter to drive novices to the point of despair over the complexities of the labor-market-information system. The intent of the contributors is, rather, to show that labor market information is not a large volume of carefully classified data that always resides in a fully automated, "user-friendly" system -- easily accessible to all who need it at the exact time they need it. There are signs, however, that progress is being made on a national system that embodies some aspects of this ideal. At the National Conference on the Dislocated Worker, progress on the National Occupational Information System was described by Russell B. Flanders, executive director of the National Occupational Information Coordinating Council:

> *The Occupational Information System (OIS) is a systematic approach for assembling and delivering information throughout the country through computer terminals at several thousand sites, including secondary schools, the Employment Service universities,*

and community action centers. Installation is complete in more than forty states; eventually every state and territory will be included in the network.

Seven states have tied their information systems directly into the job bank program operated by the Employment Service. Six of these states, including Michigan, operate a hotline that provides any community in the state up-to-date information on job openings according to an individual's area of interest. In Michigan this information, updated every 24 hours, is available at 2,200 sites via computer terminals. If Michigan can install a system extensive enough to cope with its severe and pervasive problems, any staff should be able to install sophisticated, computerized systems.

Until the Occupational Information System Flanders describes is fully operational on a nationwide basis, and perhaps for a time thereafter, job researchers for service-delivery organizations will have to continue to supplement the limited information they can get from their computerized systems with information they can get from such sources as classified ads in newspapers, word-of-mounth suggestions, and leads they can develop through persistent telephoning of prospective employers.□

THE OCCUPATIONAL PERFORMANCE SURVEY

David W. Stevens
Department of Economics,
University of Missouri

Any effort to determine where the jobs are must start with the recognition that most jobs are already filled. The better the jobs, the more likely that those who hold them will want to keep them. Therefore, the key to accurately assessing Labor Market Information is to determine which jobs are really available or potentially available.

Critical to making this determination is whether one wants jobs listed by location, by industry, by occupation, or by some other factor. This is important because all of these factors do not intersect smoothly in data analysis.

For the past two years, I have been wearing two hats. One represents my involvement with Human Resource Data Systems, where I have been working with the Missouri Occupational Information Coordinating Committee to set up a comprehensive and relevant occupational information system. The other hat represents the work I do through the University of Missouri with the Missouri Division of Manpower Planning, the State Division of Employment Security, and the Department of Elementary and Secondary Education -- work that focuses specifically on the dislocated worker.

In these projects we use the wage and contribution reports filed in compliance with Missouri's Unemployment Compensation statutes. These reports identify individuals by firm, industry, and geographic location, allowing one to examine individuals under a variety of umbrellas. Despite confidentiality restrictions on use of these files, they remain one of the best sources for industry and geographic employment detail; they allow one to examine concentrations. In the case of the dislocated worker, we are concerned about the concentration of jobs that have been eliminated. This data source allows a researcher to analyze these concentrations geographically or by firm.

In Missouri, we have begun to link these data with Occupational Employment Survey (OES) data in order to look at staffing patterns of a particular industry. Despite some problems involved in this analysis, the results move us one step closer to the point of being able to identify jobs by specific geographic locations and specific industries. It identifies someone in an industry at a three-digit standard industrial classification (SIC) code level. To someone familiar with the jargon, that is quite a bit of detail.

Four guidelines are useful in assessing labor market information:

- People are frequently able to do much more than they are allowed to do. Yet job applicants are being told that they can't perform certain tasks because they need to be retrained. They face a catch-22 of sorts: you need a job to get a job.
- Many jobs are not going to be available to outsiders, so it is unrealistic to include them in an assessment of the labor market.
- Many laid-off workers have formal or informal recall rights to a job. When the economy picks up, they will be first in line.
- The more concentrated the lack of opportunity is geographically, the harder the problem of finding jobs for the dislocated.□

TRAINING FOR USERS OF JOBS DATA

Dr. Lewis M. Abernathy
Director, Institute of Applied Economics,
North Texas State University

The National Labor Market Information Training Institute (NLMI) was established in 1980, essentially through funding by the U.S. Department of Labor, to provide training on the use of labor market information on a nationwide basis. It is supported by the National Governors' Association and other public interest groups.

There were two principal users of the service--planners of employment programs and analysts from the state employment securities agencies. The training, in part, focused on the development of a common ground on the use and application of labor market information for these two. We also sought to heighten an individual's overall ability to analyze and use labor market information. We also have begun to provide in-service training to PIC staff, school counselors, employment counselors, and college education majors as pre-service training.

The in-service program has been in operation for approximately two years. The sessions are basically conducted by a "training the trainers" session for selected counselor/educators. Then the "new" trainers, with staff from NLMI, will go out and conduct approximately four workshops with the groups mentioned above. We are insistent on using counselor/educators from the state universities in order to facilitate routine use of labor market information rathar than inadequate sources to meet their needs such as the Occupational Outlook Handbook. The pre-service project we are involved with aids in developing the necessary skills of education majors before they enter the field.

The National Labor Market Information Training Institute has expanded it activities. It is conducting research for the U.S. Department of Labor's Employment and Training Administration. The Institute is also responsible for the state-supplied information that comprises the Job Bank Opening Summary Program. It contains cur-

rent job openings by occupation and demand. It represents a potentially vital source of nationwide information in determining demand for certain occupations, training, and job openings throughout the industry. The dislocated worker may find that, without training, he will not be able to find employment in other parts of the country.

The future direction of the NLMI Training Institute is in question and may change, given government priorities. The emphasis on training is clearly absent. We are, therefore, seeking out alternative ways to approach training for individuals. Two publications contain especially valuable guidance for private industry councils and other groups assisting dislocated workers. These are:

Jobs in the Private Sector: Use of Labor Market Information, edited by Mark Hughes, William McKee and Richard Froeschle and published by the U.S. Department of Labor in cooperation with the North Texas State University (October, 1980).

This monograph was developed when PICs were first created and they had the option of developing their own labor market information. Many of them spent a great deal on contracts to provide information that was already available through the state employment security agencies. Even though some of the information sources cited in *Jobs in the Private Sector* may be dated, it is an extremely beneficial guide to the use of Labor Market Information. It also discusses employer surveys and other additional resources which are also beneficial.

Labor Market Information and the Job Training Partnership Act by Vince Cullinane and James Hana in consultation with the U.S. Department of Labor (January 1983). This publication helps acquaint the reader with what the labor market information system can provide. The authors note that the amount and quality of information varies from state-to-state.

Organizations planning dislocated workers programs should be aware that staffs have been cut back tremendously at state employment agencies. Although most have experienced 24-to-40 percent reductions, they remain eager to help plan regional and local programs.□

THERE IS NO CONSISTENT FORMULA

Michael H. Maguire
Director,
St. Louis Metropolitan Re-employment Project

After having been director for two-and-one-half years of an outplacement counseling program in St. Louis that has worked with 2,500 laid-off workers from 400 companies -- a program that has found jobs in about a hundred companies -- I have to confess that I don't know where the jobs are. That is, I can't offer a single, consistent formula for finding them. I am very frustrated because I am having difficulty finding labor market information I can use. In trying to solve this problem, we have made several mistakes that newly organized groups should try to avoid.

We found the national data clearly outdated. The state data, particularly from the job service, reported fewer than 7 percent of the jobs. This turned out to be another empty well. Our next thought was to access the quality information reports filed with Unemployment Compensation. We found that the rules of confidentiality precluded our getting substantive information from the data. We then looked at local data, but found it was extremely soft and not kept in a way that was very useful. As I look back, I realize that we were typical of so many new projects; we collected volumes of information and then tried to figure out its utility.

One source that provided limited help was the want ads in the Sunday newspaper. By tracking these we could anticipate drops in demand of a selected industry and other patterns of change. However, we found that very few of the jobs advertised, possibly 2 percent, were appropriate for our laid-off workers.

Cooperating local corporations in our metropolitan area that were willing to do their own internal studies were helpful, but few of them were hiring. We found that most of the people in our project were hired by very small companies. When we place someone in one of

these firms, we immediately try to find out more about the company and develop a good working relationship with it. If our placement does well on the job and the company grows, it may come back to us when it needs to hire more people.

Through all of this, I have come to determine some of the things that I need in order to find where the jobs are:

1) A guide to networks that can provide access to people and research.
2) Knowledge of the limitations and usefulness of data.
3) A hotline that connects me with a specialist who can answer my questions as they develop.
4) A code book to decipher all the jargon.
5) Training on how to use labor market information.
6) More skills in getting large and small companies involved in hiring and training.
7) Assistance in dealing with turf problems.□

FIFTEEN

RESEARCH AND EVALUATION

INTRODUCTION

Few elements of a program are more helpful in guiding its managers than research and evaluation. None is more critical for establishing a base for continued support. Those who must pass judgment on future funding demand documented evidence about a program's performance. This is true whether the funding decisions are made by members of city councils, foundation directors, or voters. It is particularly true when these decisions are made by members of Congress to determine the size of future appropriations for the Job Training Partnership Act and how the money can be used.

The growing ranks of program directors charged with carrying out provisions of the act would covet an idealistic research and evaluation model envisioned by Gary Hansen, director of the Utah Center for Productivity and Quality of Working Life. Hansen's optimum research facility would give unerring guidance to a program director faced, for example, with a plant closing. The director would supply to the research staff such basic information as this: a profile of the work force, the unemployment rate, the size of the community, the extent of the planned lay-off, and the proposed response. On the basis of these facts the researchers, who would include some mathematically-minded associates, would predict placement rates, projected retraining rates, predictions about the duration of unemployment of the laid-off workers, estimates of the earnings loses by unemployed individuals, the impact of the closing on the community, and cost-benefit ratios for a series of optional actions.

Until such a research facility exists, those who want to lay the groundwork for effective evaluation of Job Training Partnership Act programs will find the ideas offered by contributors to this chapter instructive. They include a federal official who uses research and evaluation to guide administrative decisions, a consultant whose firm generates labor-market research, and an academician with extensive experience in research design.□

FIVE GUIDELINES FOR EVALUATION

Burt Barnow
Office of Research and Evaluation,
U.S. Department of Labor

The basic purpose of evaluations is to find which programs work, how well they work, and for whom they work best. The following five points are offered in the hope they will help the staffs of JTPA service-delivery organizations develop meaningful and objective evaluation components with the limited funds the act provides for this purpose.

Make sure your management information system is set up properly. This is critical, for your MIS can help you make some essential evaluations. You need to collect and record background information on program participants, information on their activities while in the program, the amount of exposure they had to the program, and what happened to them at termination. These elements may seem routine, but by including them in an automated system you can get answers to numerous shortrun questions that otherwise would not be available. For example, you can determine what types of people complete the program or drop out. You can also determine which activities seem to have higher dropout, placement, or completion rates.

Make sure you establish proper standards for placing participants. Many programs deliberately assign people to activities they believe will be most appropriate for them. This procedure can complicate evaluation. For example, if you put your best people -- the most employable ones -- in on-the-job training, and the less employable in classroom training, you should not be surprised if those in OJT perform better than those in classroom training. The trick is to develop selection criteria that can help you isolate the impact of individual programs. There are two statistical techniques you can use. The first one is random assignment. You simply flip a coin or use a random-number generator of some sort to assign people to the various program components. Given the human tendency to want favorable

results, you may find it hard to resist the urge to tamper with this process, which can and should be used if one of your major goals is to learn which of your programs works better than others. Random assignment has been done in state programs in Delaware and local programs in Charleston, South Carolina.

As an alternative to random assignment, you might consider a newly designed technique called a "regression discount." Under this method, each person is assigned a score based on one or more variables. This score helps the staff decide what program an individual should be in. People with higher scores are put in one activity and those with lower scores into others. While not as clean and pure statistically as random assignment, this approach gives an objective basis for making assignments and makes evaluation easier.

Do not read too much into your findings. For example, if some participants are in a job search system and others in classroom training, and you find that the job search system has a higher placement rate than classroom training, do you conclude that job search is necessarily a better program? Not unless placement is the only variable you are concerned about. You might be interested in learning the wages of those placed or in earnings over a post-program period. The limited resources that are available to you might preclude your doing a long- term followup.

You may be forced to rely on short-term findings, and judgments based on them may not hold true in the long run. Try to identify all the outcomes of interest to you. Then decide which ones you can and can't measure and temper your findings accordingly.

Make use of available data to maximize your efforts. Many states maintain files on the wages and unemployment experience of all the workers in the state and make them available to state and local programs. It is more difficult to obtain this information from outside the state. But Missouri, for example, has done extensive analysis of its data and the data of several other states that make use of unemployment insurance wage records. For programs in wage-reporting states, this data provides a way of tracking the participant over an extended period without the expense of doing personal follow-ups. Our experience in the Department of Labor with personal follow-ups conducted by prime sponsors and state agencies suggests that the results are somewhat disappointing. Typically, only about 50 percent of a program's participants have been contacted six months after leaving the program.

Try to get outside help if you need it. You can get assistance from a research firm, but this usually is expensive. Local colleges, universities, or junior colleges in your area often can provide less expensive aid. Frequently, professors or graduate students will assist at a minimal cost, and if they feel their participation might yield publishable research, they often will help you for little or no charge. For example, the staff of a Delaware program retained a Harvard professor for $5,000 to complete an evaluation on one of its dislocated worker programs, with the agreement that he could publish articles on the project.□

RESULTS OF EARLY FIELD RESEARCH

Dr. Ernst Stromsdorfer
Vice President, Abt Associates

There is an inherent conflict between state needs and interests in evaluating the outcome of programs authorized by major national legislation and the needs and interests of Congress and the Department of Labor. However, if all levels of government and the private sector are to derive optimum benefits from the Job Training Partnership Act they must reach consensus on a set of performance standards and statistical procedures for measuring the hundreds of programs this legislation will set in motion.

The act established four measures of performance: (1) initial job placement rate, (2) earnings, (3) time employed, and (4) welfare dependence. Collecting just these data alone on trainees and recipients of other types of assistance the act provides is a considerable task. Each state must establish a structure for collecting information relative to the varied program treatments that participants will have undergone. State officials must determine how detailed to make these program treatment data. In doing so, they must answer such question as this: Should the collection procedures reflect the behavior of the entire system, or should they reflect only occurences under a specific title of the act? The states are waiting for guidance on this matter.

Abt Associates has been helping to provide technical assistance to the Department of Labor for evaluating the Downriver Community Conference, the department's prototype dislocated worker demonstration and the six demonstration programs funded subsequently. Therefore, we have a sense of what is required in collecting field data for an evaluation. However, we don't have a meaningful sense of what approach the states will take to establishing evaluation procedures. There is a tendency within the states to collect everything about everybody. This is a natural response to the auditing requirements

that have been established. However, for purposes of any evaluation, program treatment and outcome data on a sample of participants is sufficient. The cost of taking a census of all program participants and maintaining their records is far greater than the cost of record keeping, for a sample. The states, of course, are interested in who is going to pay for evaluation, however it is done. They also tend to behave as if the record-keeping required were an unnecessary burden imposed upon them by the federal government, rather than a true extension of the management information system that they ought to be establishing for their own operation. These issues are sources of problems in establishing any system of performance standards.

Integrating the data collection system for job training into the Unemployment Insurance system would provide one solution. It would be easy to do. California UI officials take a one-in-ten sample of everyone who has ever been touched by the system and store this in the Economic Development Data Bank, which apparently is a very well managed and run operation. One could take even greater advantage of the system by entering information on everyone who had training. Because of the nature of the system, it would be possible to obtain information automatically on a potential comparison -- UI recipients who do not take training. While there are problems with such a comparison group, this procedure seems logical for performing the kind of cross-state comparison needed to assess the merits of the program.

There are some serious problems apart from the cost and the extensive nature of the data collection itself. There will be the problem of measuring the true impact of the job training act. State and local programs, by their very nature, select different people for different kinds of assistance. Once the statistical significance and conceptual significance of this is known, there will be wrangling among the states when comparisons are made. It will be necessary to start imposing upon the states sophisticated requirements for statistics and econometrics, which they are not now expected to meet.

Representatives from one state have expressed to me their concern about setting up some of these required performance standards. A multi-variate regression analysis, for example, is a new tool to them. Although they can talk about it, they have had little experience in actually using it in more than a simplified way. This is where a local university can be a tremendous resource. Some universities have talented and sophisticated research staffs that will provide services for reasonable fees. However, officials in many states seem to be unaware of such resources. When overwhelmed by research requirements, they

tend to turn to consulting firms -- a more expensive and often less desirable source of help.

Setting up a management information system seems to intimidate program managers. However, it really is not a mystical procedure. The Downriver Community Conference established one that works well. But transfering the experiences of Downriver to any one of the six newer demonstration sites is a big step. The change of scale that would be required to transfer the experience to the state level is another big step. It is important that we recognize and account for these difficulties in our general application of performance standards.

The practical application of standards will be the most difficult aspect of the law to accomplish. Consequently, I suspect that there will be a tendency to adopt a laissez faire attitude. This will preclude our ability to make comparisons among states. Unless strong direction is taken to impose a simple and uniform system across the states, the entire research effort to inform social policy will fail, or will be ignored. □

EVALUATION PROCEDURES

Dr. Andrea Long
Professor of Economics,
Wayne State University

State officials and labor-management representatives responsible for measuring performance under the Job Training Partnership Act need to consider two key questions.

How can state job training authorities incorporate into their information systems data appropriate for monitoring and evaluating training provided in different service-delivery areas, by different methods (e.g. on-the-job versus classroom), and by different institutions offering the same kind of training?

What kinds of training data systems can be designed to service both private industry councils and prospective trainees statewide?

In offering answers to these questions I will draw on intensive ongoing research on a 10 percent sample of both employed and unemployed members of the entire U.S. work force plus all the recipients of Trade Adjustment Assistance in Missouri from 1975-1982. These observations will also reflect my experience in analysis of employment security data from seven other states using the continuous, wage benefit history data from the U.S. Unemployment Insurance Service and my familiarity with the claimant and employer data structure of the Michigan Employment Security Commission.

Monitoring and Evaluating Training in States

Information About Workers

State employment security agenices should take the following steps: First, they should completely automate their systems. Through the coordination of the U.S. Unemployment Insurance Service, they can do so cheaply and efficiently by imitating successful data-base structures in states that have already automated and using the ex-

perience of those states. Second, those states that have wage-request systems should change their laws to require wage reporting or maintenance of wage records. Third, all states should store employee wage records in a condensed and easily programmable form for at least three years and preferably five. Suppose that the state defines displaced workers as those who are permanently separated from their employers; who have worked a specified minimum number of quarters before separating from that employer; and who have worked for all previous employers combined for a specified minimum period. The first qualification eliminates those experiencing temporary layoffs. The second eliminates "job shoppers" and those who have not developed skills that reduce mobility, such as skills specific to one employer. The third eliminates those with little labor-force attachment. Only wage-record states, those that require the reporting of all employees' wages from each employer in each quarter, can identify workers who meet these three criteria.

How can state employment security agencies' data be efficiently designed to answer questions about unemployment? Some states that have already totally or partially computerized their administrative data have not retained the data long enough for evaluation and monitoring needs. Frequently the data are so poorly transmitted, edited, and quality-controlled that records about wages cannot be matched with records about unemployment. Usually this is because Social Security numbers and employer identification numbers are mispunched or, as in the latter case, subject to changes in geographic codes, successor codes, and codes of plant reporting units. Only if such codes are stable and uniform can we determine whether a worker returned to his old employer or whether a trainee was recalled to his new employer after a temporary layoff. Clearly this is critical for determining whether training increases wages and re-employment stability. Another problem is that some state employment security agencies' data-base structures have been designed for report production, not for sensible and simple information retrieval and analysis. States should imitate other states' "rectangular" or relational database systems. It is decidedly more efficient and less costly to do this than to pay a high-priced management-consulting firm to design a cumbersome "hierarchical" data structure.

Five kinds of basic employment security records are required for state monitoring and evaluation of training. Each should include Social Security number, data of the event or activity, and an employer identification code, at minimum. The five records are initial claims

for unemployment insurance (UI), records of claims for continued weeks, records of UI claims renewed during a claimant's benefit year, quarterly claim-wage records for the four quarters preceding an initial claim, and historically retained and somewhat aggregated quarterly wage records for all workers regardless of whether they filed claims. A record retaining fairly constant demographic and background information should be kept.

Of what use are these records for training purposes? They permit program administrators to give better service to both workers and employers; they can help prevent possible irregularities, and they enable program staff to monitor training and evaluate it after it is completed. Specifically, these five records tell who is unemployed, for what reason, for how long, and how frequently over their recent work history. They also indicate whether and when a trainee is placed in unsubsidized employment after his training ends, how long a trainee is retained by a new employer and, if the trainee separates from a new job, why the job was terminated. All these facts can be derived from simple merges of such data. By showing the number and lengths of unemployment periods experienced by trainees in their new jobs, these records provide important measures of the stability and quality of post-training employment.

Finally, the two kinds of wage records (claim wages among those who file claims and base-period wages for everyone) enable us to make comparisons between trainees' and non-trainees' quarterly wages following re-employment. State training councils should recognize that, unless special surveys are commissioned, hourly wage rates -- the preferred basis for trainee/non-trainee comparisons -- are unavailable. With only one exception, no state employment security agency retains information on weeks or hours worked in a quarter. Consequently, most evaluations will need to be based on quarterly wages, even though they are not as informative as weekly or hourly rates. Quarterly wages after re-employment will vary among trainees and between trainees and non-trainees because any of the following vary: hourly wage rates, hours worked per week, or weeks worked per quarter (perhaps due to seasonal employment needs or temporary layoffs). Nevertheless, quarterly wages show (1) how fast the trainees' wages rise from their entry level; (2) how much fluctuation or instability in earnings occurs quarter-by-quarter after re-employment; (3) how many quarters lapse before the trainee finds work; and (4) how seasonal or temporary the job taken after training may be.

These last four measures of re-employment quality are important in judging the performance of different training suppliers in the state, and of alternative kinds of re-employability services. Why? One reason is that initial wage levels of trainees may be lower than those of non-trainees. However, the rate at which trainees' wages catch up to their pre-unemployment wage levels is expected to be faster than that among non-trainees who are also permanently displaced. Second, the probability of job retention among trainees is expected to be higher over the long-run. However, as business conditions improve, workers who have been retrained may voluntarily change jobs more frequently than non-trainees. This is partly because their training may make them more mobile and may offer them a larger set of job choices. It is also partly because those who choose to retrain may be inherently more willing to make occupational changes and to learn new skills. Finally, retraining may increase a worker's chance to land a job with more employer-sponsored, on-the-job training and advancement opportunities, thus increasing job mobility.

How long should wage and unemployment claims records be retained? Previous research shows that the marginal effect of training on wages changes between the time training ends and re-employment begins. Put another way, the change in wages three quarters after training is different, on average, from the change in wages after six quarters , compared with wages among those who didn't retrain. It is doubtful that three-to-six months of wage records for trainees and similar non-trainees are sufficient to determine the value of training. Wage-change differences between trainees and non-trainees may persist 8 to 12 quarters after training. Longer retention of records also permits a finer-grained comparison of training institutions. More quarters of records are needed, for example, for close comparison of training at different institutions -- e.g., public community colleges versus proprietary vocational-technical schools -- or training in different occupational programs. Finally, it can be argued that training protects or insures a worker against downturns in the business cycle. A researcher who tried to verify this premise should track job retention rates and wage changes of trainees and non-trainees through the next recession in order to measure the full effects of training.

An important area in which state employment security agency and job training councils can cooperate is in the identification of future skill shortages. Many directors of state occupational information coordinating committees and employment service directors agree that if we lack good data on the occupations people currently

hold and have held, we cannot expect to accurately forecast future demand and supply. Compiling a standarized job classification code on workers' quarterly wage records is a sensible pilot project for states to undertake. Already many states code the job classification of persons who become unemployed. They are not always diligent, however, about coding occupation because it has no influence on unemployment insurance payments or administration. The costs and value of including the same code on wage records of persons who are employed each quarter should be reassessed if states are keenly serious about improving occupational demand and supply information.

Information About Businesses

State employment security agencies and private industry councils should work closely with employers and trade unions to develop an automated system of information about major industrial changes -- significant layoffs, recalls, plant closings, and work stoppages. A separate computerized record should be maintained for each of these events. Each record should be indexed and coded to identify the employer and the number of workers involved. The records should show whether monthly layoffs are part of an initial, subsequent, or final wave of employment contraction in a firm. Such data could be matched by computer to worker information, using the employer identification code on each type of record. Some of this information is already collected by states for the Federal Bureau of Labor Statistics.

What are the uses of such a file? First, it would provide an early-warning system to signal the number of workers who may soon be displaced in a particular service-delivery area. Equally important, it would help prevent "over-capacity" in state training plans for anticipated job losses that never occur. Second, it would enable us to identify workers who were previously separated from a plant which subsequently closes one or two years later. Usually, workers who have enough seniority and specialized skills to be retained until the plant finally closes are only a small percentage of the total number of those permanently separated. Thus, in determining eligibility for services, it makes no sense to distinguish between those who survived the first layoff and those finally dismissed.

Estimates of recalls of laid-off workers could be included in a state's file on industrial change. Employment security staff have attributed low rates of applications for retraining and re-employability services to the fact that laid-off workers often have mistaken expectations about recall. No one wants to be the bearer of bad news,

and there are potential costs to employers, unions, and employee associations for bearing such news. Nevertheless, employers could perform a useful service by stating at the time of layoff in employment security records and to the employee (1) the reason for the layoff (to aid in the job search); and (2) the probability of recall within some stated interval. The degree of probability of recall would be revised periodically.

What incentives do employers have to provide such recall estimates? The possibility of saving money is one important incentive. If separated workers were told they are unlikely to be rehired and that they should either enroll in retraining or seek other work, they might find new jobs sooner and, thus, reduce their former employer's unemployment insurance liability. Depending on state laws, an employer may be liable for a portion of unemployment insurance benefits, even if there are intervening employers. To the extent that retraining or other services stabilize a worker's future employment, such liabilities are reduced. Already mechanisms for using the liable employer's regular state unemployment insurance tax payments for retraining are being considered. In view of this, wouldn't employers be well-advised to be as candid as possible with those permanently separated from their jobs? If a worker knows after three weeks on unemployment insurance that his probability of recall is 20 percent he may apply for retraining earlier, especially if he also understands that training programs for more advanced skills take longer to complete. A counter-argument is that most workers may delay enrolling in retraining until their regular state UI entitlements are nearly exhausted.

Design of Training Information Systems for Private Industry Councils and Trainees

Information About Occupational Choice

Unlike high school students, who usually have ample guidance in deciding which college and program to attend, adults considering retraining are left almost totally on their own. They seldom get sound advice about which institutions offer what programs, and at what cost; for how many (and which) hours per week, and on what starting and ending dates, Nor are they advised of entry and exit flexibilities. Such information would not only improve trainees' choices as consumers, it would also enable state training councils and private industry councils to monitor and evaluate performance of the

suppliers. This information could be readily and cheaply entered and updated and made available on-line at the employment service's local offices and information centers in services delivery areas. Such information would make the supply side of the training market more competitive and efficient. The Michigan Occupational Information System, which exemplifies the integrated approach to information about occupational demand, includes such data as well as information about employment and earnings prospects, education and training requirements, and program offerings of training facilities.

Information for Monitoring Training Activity

At least two kinds of records should be developed for monitoring training. First, each training activity undertaken by a worker should consititute a record and be indexed with the worker's Social Security number and the date the training began. The following kinds of information should be included: the date training was requested; the training facility code; the occupational training code; the dates training is scheduled to begin and end; the number of total instructional hours per week and for the duration of training; tutition costs; non-tuition costs (such as transportation, special shoes, tools, uniforms); a code to show whether the trainee completed the training, terminated it to take employment or terminated it for other reasons, whether the institution placed the trainee, and other pertinent information about the outcome.

This limited number of variables is quite sufficient to control variations in training input across trainees. These variations are then reflected in measures of wage and re-employment performance. With information from unemployment and wage records (discussed previously), they provide a valuable source of practical information for monitoring and evaluating the performance both of individual trainees and training suppliers.

The second kind of record should characterize training facilities. Each record should be coded separately so that different branches of the same training operation can be distinguished. This record should include the control (public, private, non-profit) of the school, the type of school, number of instructors on a part-time and full-time basis, scheduled holiday periods, and other relevant information that affect and quality and compositon of training. A more ambitious, but more informative, information system would create a record for each program offered by each school or firm, with information specific to that program.

Information from these two types of records can be matched to compute, on an as-needed basis, the following: attrition and placement rates on a course-by-course basis; tuition and non-tuition cost per instructional hour; the percentage of training time lost or wasted because of scheduled breaks; instructor/trainee ratios; administrative staff/instructor ratios; changes in tuition charged for a given program by a training facility over time; and the performance of the facility's placement and employability services, if they are offered.

This new information, when matched with data about trainees, enables state training administrators to monitor and evaluate training outcomes attributable to the quantity and quality of training services. These frugally designed training records permit the matching of differences in trainees' performance with differences across training facilities -- differences measured by type of ownership, by degree of specialization, by variations in training intensity, and by flexibility of admissions. One should make sure that data not specific to a particular training experience (such as the trainee's sex, age, and previous education) and not specific to a training facility (such as enrollment over time) is collected and recorded only once -- as an intake record at application. Such information as demographic characteristics of trainees by type of training program or by type of facility, for example, can be obtained by simple computer matches on an as-needed or regular basis and distributed to private industry councils. While information about a particular training facility should be divulged, information about specific trainees should remain confidential.

Conclusion

This introductory essay is offered as a primer to state officials and their private sector allies who must quickly develop the statistical tools and skills for identifying displaced workers; coordinating matches between employers, training facilities, and workers; and monitoring training activities. They face more urgent technical and administrative problems. However, they should take comfort in the assurance that not only can these problems be solved, but wise and foresighted solutions will improve employment and unemployment services years after the Job Training Partnership Act is supplanted by another program.□

AFTERWORD

A HELPING HAND FOR DISLOCATED WORKERS

An Address by Ronald Reagan President of the United States

I came here to talk to you about our unemployed citizens. First, I want to say how instrumental you are to this effort of helping displaced workers find jobs. You -- the business leaders, union officials, agency heads, educators, and members of various councils -- are great resources.

You might have noticed that I always seem to attract attention when I pull out the want ads and talk about unemployment. I am usually criticized and very often misunderstood or, perhaps I should say, misinterpreted. I do not use the help wanted ads to suggest people are not seriously looking for work. My purpose is to point out that in this time of great unemployment there are jobs going unfilled for a very definite reason. A couple of Sundays ago, I read through the help-wanted ads in the *Pittsburgh Press*, and it's obvious why so many unemployed are frustrated when they see jobs are available.

Like this ad that's for something called a medical records coder: "Position requires an A-R-T or equivalent experience and knowledge of medical terminology and ICD-9-CM coding." Or this one that seeks "an achiever in the structured COBOL and/or RPG II."

But this one from a personnel agency dealing only with computer people illustrates perfectly the point I want to make, so I'll read you the entire ad: "Systems Programmer--Large Scale IBM, VTAM, TSO/SPF, ACF2, CICS, OS/MVS." No longer do the ads simply offer jobs with good hours and no heavy lifting. You have to be a specialist to know what the ad is about.

Yes, there are lots of jobs in this paper and in papers all across the country. But the skills needed for the jobs don't always match the skills of those who need the work. The permanently laid-off steel worker has never had the training even to understand what these want ads mean, let alone to apply for the position. And I can tell you right now, I don't know what they mean.

And many of the jobs are not around here but are in Florida or Virginia or beyond. I could have brought more newspapers with more ads; but they're in areas far from the homes of Pennsylvania's unemployed. And it's this mismatching of skills and geography that has brought all of you together.

Let me tell you how we intend to deal with this "structural unemployment," as you experts call it. But first, I'd like to say a few words about cyclical unemployment, which seems to get most of the media attention.

As you know, cyclical unemployment results from changes in the business cycle, the ups and downs of the overall economy. About half of our current unemployment is the direct result of the recession. Now, the best cure for this is to get the economy moving, and we're doing just that.

The leading economic indicators, as you probably know, are positive, and I can tell you, so am I. January's surge was the largest in 33 years. The indicators are up for February as well. The double-digit inflation of 1980 has been knocked down to 0.4 percent in the last six months, the lowest six-month rate in nearly 22 years. And the prime interest rate, which was 21.5 percent when we took office, is down to 10.5 percent today, and we're not finished with it yet. Housing starts and permits are at the highest level since September of 1979. Unemployment, while still painfully high, has decreased to 10.3 percent from a 10.8 percent peak in December. And if you count our men and women in uniform as employed, and they should be, the rate is 10.1 percent. I just found out recently that we haven't been counting them; but, when they leave the service we count them as unemployed.

But with the help of Senators Heinz and Specter and Congressmen Clinger and Ridge here, we've tried to ease the transition for some of the unemployed with a $4.6 billion jobs and humanitarian relief package. This legislation will increase projects that were already on the books, and it also provides extra funds for social services and health assistance. But, to be honest, this aid will help only to a limited extent. An improving economy is the quickest, best, and most potent antidote for those citizens who were laid off because of the recession.

We've fought hard for this recovery, and we're not going to see it shattered. The so-called alternative budget recently passed by the House of Representatives, on the other hand, calls for a $315 billion tax increase over the next five years and an almost $200 billion increase in domestic spending. It provides for recovery all right -- the Congress's recovery of money that belongs to America's wage earners and taxpayers -- a reversion to politics as usual, taxing and spending more and more of your money. It would cancel both the third year of the tax cut and indexing, which protects the wage earner from being kicked into higher and higher tax brackets. More than three-fourths of all the tax relief and indexing will go to lower-and middle-income earners.

I have two direct, political, and moral questions for every congressman who voted for this bill. How can you justify hitting the middle American family with a $3,550 tax increase over the next five years? And how can you support a budget that would threaten the recovery just as it's getting underway? I've never seen a budget proposal with a more flagrant disregard for its consequences. And those consequences would be more unemployed Americans, higher interest rates, more government spending, and a recession worse than the one we're just emerging from. The American people have suffered long enough because of the economic mistakes of the past, and I'm not about to let them be plunged into that same mess again.

There has been a lot of talk on Capitol Hill about multi-billion dollar make-work programs as an answer to recession. Those responsible for the alternative budget support this idea. It's not a cost-effective idea, and it certainly is no road to permanent economic recovery.

Structural unemployment is not the result of temporary slumps in the economy, the kind we've just been discussing. It's caused by deep and lasting changes in science, technology, competitiveness, and skills. And you just can't cure that with a quick-fix solution.

When I signed the Job Training Partnership Act last October, I pledged it wouldn't be another bureaucratic boondoggle, but would provide real help. And I stand by that promise. Our aim is to train up to a million unemployed Americans each year in skills useful in the private sector. And to that end, we're requesting over $3.5 billion for this program in 1984.

The vital difference between this program and the failed ones of the past is that this time private employers will take the lead, not the federal government. Private employers will work with state and local officials to ensure positive results. Too often in the past, the bulk of

funds set aside for government job training programs was used to pay bureaucrats rather than to help those without jobs. In recent years under CETA, only 18 percent of the money was actually used for training the unskilled. No one knows better than private employers the skills and training needed by today's employees. And that's where we're putting our emphasis and our efforts.

Recently, we sent to the Congress a package of new proposals providing incentives for businesses to hire the long-term unemployed. Under our proposal, a worker who has been unemployed for an extended period could convert his unemployment benefits into job vouchers that would entitle his new employer to a tax credit. The overwhelming majority of those who have been unemployed for long periods would gladly trade their benefits for a job, if they could only find one. So this voucher gives them a better chance to do just that.

We also want to more than double the money for that part of the Job Training Partnership Act that helps displaced workers. This program offers grants to the states for retraining, job search, and relocation assistance to dislocated workers. And we also propose allowing states to use up to 2 percent of their unemployment insurance tax revenues for re-employment assistance. Now, this could mean another several hundred million dollars.

The old cliché that you can't get a job until you have experience and you can't get experience until you have a job is true for too many of our young people, especially minorities. One of the main reasons many teenagers have difficulty finding jobs, especially that first job, is the current minimum wage. Employers simply can't afford to pay this set amount to kids with no work experience. So to help young people find jobs, we've proposed a youth opportunity wage 25 percent below the regular minimum of $3.35. Young people, of course, don't have to accept this amount, and I know many of them will be able to command the regular minimum wage or more. But this new wage will allow those who don't have any experience to make a start in the workplace. What we're trying to do is get them in the door and give them some experience so they can move up the pay scale. And since the special wage applies only in the summer, there's no danger of displacing current workers with young people at a lesser wage.

Also, working in partnership with the National Alliance of Business, we've been asking employers to set aside summer jobs for kids who really need them. In fact, companies can qualify for tax credits of up to 85 percent of the wages paid to each eligible youngster certified by the Job Service.

Any lasting solution to the problems that we've been discussing today must have the support of the private sector. And here too, the news is encouraging. Let me tell you about one displaced workers program right here in Pennsylvania. In 1980 the Crucible Steel plant in Midland started laying off hundreds of experienced workers. Soon after, the Crucible management and Local 1212 of the United Steel Workers Union joined together to help the employees. With technical assistance from federal, state, and local governments, they formed what they called a job search club. The employees learned what jobs were a logical extension of their previous work experience. Then they learned how to write a resume and interview for that job and, if need be, where to go for training.

Although a relatively small group of 125 employees participated, the club worked. Many found new jobs in steel as well as in other industries. The workers also acquired new confidence and skills that will enable them to get better jobs as the economy expands. Well, we want to duplicate the success of the Crucible Steel case across the country, and we're working with the NAB, the AFL-CIO, the Labor Department, and the private sector to do just that.

I receive all kinds of letters from our unemployed citizens. Some are full of pain and a loss of self-respect. Some are determined and hopeful. Some are confused and angry. But I think the most perplexed are those letters from displaced workers. Most of these men and women have been in one industry, if not one company, for the better part of their working lives. The mill or the plant had always been open, perhaps even since their father's or their grandfather's day, and they assumed it would always be that way. Their employers represented America's strength and vitality as an economic power. How could the major employer in the town, the very lifeblood of the town, close its gates and lock its doors? This was as inconceivable as the town itself closing down.

But we know the plant can close no matter how essential it is to the employees and the townspeople. We know that America's economic strengths change and grow in different directions, sometimes without regard for the people who serve the old industries. This is called the free market, and it's what gives our children and their children an economic future.

I believe that we as a nation owe an obligation, as well as a helping hand, to those who pay the price of economic readjustment. Government -- federal, state, and local -- provides support for job training and re-employment assistance. Business and labor, working in part-

nership, also have a responsibility to ease this transition and prepare their employees and members for the future. Educators, as well, are challenged to tailor their curriculums to the employment needs of the future. In one way or another, we all have a positive role to play.

I came here today to tell you I support your efforts wholeheartedly. And I'm trying my hardest to make real changes in Washington that will help get our people back to work. As I've often said, we want real work for our citizens, not make work. We want an economic future based on growth, not on fighting over smaller pieces of prosperity. I believe in what you're doing, and even more important, I know that those you've helped believe in it. Together, we can make America and the American dream the inspiration they were always meant to be.□

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